

# Sustainability-related disclosures

Nordea 1, SICAV

4 November 2022



## Transparency of the promotion of environmental or social characteristics and of sustainable investments

**This document includes information relating to environmental and social characteristics of financial products, and sustainable investments, in accordance with article 10 of the Sustainable Finance Disclosure Regulation (SFDR)<sup>1</sup>.**

### Environmental and Social characteristics of the funds

Nordea Asset Management (“**NAM**”) offers a wide range of funds that promote environmental and/or social (“**E&S**”) characteristics, classified as article 8 funds under the SFDR. These funds apply different E&S characteristics and the methodologies used to assess, measure and monitor the E&S characteristics (“**E&S methodologies**”) may vary greatly depending on the asset class of the investments and target clients’ demand. E&S characteristics of funds may include one or several of the below criteria:

- NAM level Norms-based Screening
- NAM level Exclusions
- NAM level Principal Adverse Impact (“**PAI**”) consideration<sup>2</sup>
- Commitment to making sustainable investments
- Active Ownership & Engagement
- NAM Paris Aligned Fossil Fuel Policy (“**PAFF**”)
- Sector- and value-based exclusions and other limits
- NAM’s STARS strategies
- NAM’s Thematic ESG strategies

The list above is not exhaustive and funds may apply only one of these criteria and not the others. Article 8 funds can invest in a wide range of underlying assets, some of which may not contribute to the specific E&S characteristics promoted by the funds.

E&S characteristics and E&S methodologies per fund are further set out in the tables below and described in the [prospectus in force](#).

### Sustainable Investments

**Sustainable investment** is defined under the SFDR as an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Depending on their investment strategy and asset class, certain article 8 funds commit to invest a minimum proportion in sustainable investments. Funds that have been classified as article 9 funds under the SFDR dedicate most of their

<sup>1</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

<sup>2</sup> Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

investments to a specific sustainable investment objective and most of the funds' investments are expected to be sustainable investments.

With respect to article 9 funds and those article 8 funds that commit to invest a minimum proportion in sustainable investments, NAM takes into consideration the regulatory framework for sustainable finance, as well as proprietary investment methodologies, to ensure that those sustainable investments can be identified, invested in and measured.

In order to select sustainable investments, NAM applies three tests. The investment should pass all three tests to qualify as a sustainable investment.

- Step 1: Good governance test – a company needs to have sufficient processes in place related to the four good governance topics: sound management structures, employee relations, remuneration of staff and tax compliance, and not be subject to significant controversies related to any of these topics.
- Step 2: Do no significant harm test – a company cannot perform negatively on selected principal adverse impact (PAI) indicators. The thresholds defining negative outliers and poor performance vary for each PAI indicator.
- Step 3: Environmental or Social Contribution – A minimum proportion of 20 per cent of the turnover of the company should come from economic activities that actively contribute to a sustainable objective. The sustainable objective can be an environmentally-sustainable objective defined in the EU Taxonomy Regulation<sup>3</sup> (“**EU Taxonomy**”), or an environmental or social objective belonging to the list of United Nations Sustainable Development Goals<sup>4</sup> (“**UN SDGs**”).

While article 9 funds are mostly invested in sustainable investments, it should be noted that article 8 funds can be invested in a wide range of underlying assets, some of which may not qualify as sustainable investments.

The expected proportion of sustainable investments, if applicable, is listed for each fund in table 1 below.

The Nordea 1 funds that are classified as article 9 and pursue specific sustainable investment objectives are described in table 4 below.

NAM funds other than those listed below may make investments that qualify as sustainable, but they do not commit to making such investments.

## **Sustainable Investments with an environmental objective aligned with the EU Taxonomy**

A subsection of NAM funds invests in sustainable investment with an environmental objective aligned with the EU Taxonomy.

In line with the EU Taxonomy, the respective portfolio manager and relevant analysts from NAM Responsible Investments Team ensure that any fund-specific commitments are met by investing in companies with a percentage of revenues exposed or potentially exposed to economic activities that substantially contribute to the objectives under the EU Taxonomy, while not significantly harming any other objectives outlined in the same regulation and meeting minimum social safeguards.

<sup>3</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment

<sup>4</sup> Sustainable Development Goals identified by the United Nations, as further explained below.

The assessment is currently conducted with data from third party providers as well as self-reported data from investee companies when available. Proprietary tools and processes to measure significant harm and minimum social safeguards have been developed. This takes a systematic assessment of adverse impacts into account.

NAM and its investment teams keep the development of the EU Taxonomy under close review, given that the technical screening criteria to assess EU Taxonomy alignment are currently limited to the first two objectives of the regulation and will be further developed:

- Climate change mitigation
- Climate change adaptation

The technical screening criteria for the remaining four objectives are under development and will be taken into account when available:

- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

List of funds with minimum per cent commitments on Taxonomy-alignment:

- Nordea 1 - Global Climate and Social Impact Fund
- Nordea 1 - Global Climate and Environment Fund
- Nordea 1 - Global ESG Taxonomy Opportunity Fund
- Nordea 1 - Global Sustainable Listed Real Assets Fund
- Nordea 1 - Sustainable Environment and Biodiversity Fund

Given that the EU Taxonomy does not aim at addressing the entirety of sustainable activities, our funds may make environmentally-sustainable investments that do not qualify as environmentally-sustainable under the EU Taxonomy.

## Methodologies applied to achieve the E&S characteristics and the sustainable objectives of the Nordea 1, SICAV

NAM has developed policies and procedures to ensure that the companies we invest in meet the relevant E&S characteristics and/or sustainable investment objectives of the funds.

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<b>NAM level Norms-based screening</b>	NAM's funds are subject to norms-based screening, which identifies companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, an internal assessment of the company and the incident is initiated. Typical actions can consist of engagement, quarantine or exclusion. For more information please refer to the <a href="#">NAM RI Policy</a> .
<b>NAM level Exclusions</b>	NAM excludes companies involved in serious breaches of international norms, where engagement is deemed not to be possible or effective. For example, we ban investment in companies active in the production of controversial weapons, including – but not limited to - cluster munitions and anti-personnel mines, as well as nuclear weapons. NAM also does not invest in companies deriving more

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than 10% of their revenues from thermal coal, and excludes companies involved in the production of fossil fuels from oil sands or through arctic drilling.

The NAM level exclusion list can be found [here](#).

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**NAM level Principal  
Adverse Impact  
(PAI) consideration**

The environmental and social impact of the activities of all NAM investee companies is considered on an ongoing basis through our firm-level PAI analysis. Companies identified as outliers on one or more PAI indicators, are analysed further which may result in a recommendation for action. For more information please see the NAM Statement on principal adverse impacts of investment decisions on sustainability factors which can be found [here](#).

All article 8 and 9 funds of Nordea 1 SICAV take PAI into consideration except for the Nordea 1-Global Equity Market Neutral Fund<sup>5</sup>

We regard the attaining of a strategy's ESG/Sustainability targets as akin to the process of generating alpha. As such, our portfolio managers use PAI indicators as input to their investment choices in a similar way as they would analyse various financial and other data. Given the variation in investment processes between asset classes and approaches (e.g., fundamental vs. quantitative), the exact way this is done will vary. For NAM STARS Strategies funds using NAM Internal ESG scores, PAI will also be an input to the scoring process. Irrespective of the precise methodologies used, data on PAI at the portfolio and individual holding level is made available to portfolio managers, allowing them to identify outliers and adjust their view of issuers accordingly, where relevant. Where data coverage is poor, this does not preclude the use of the PAI data that exists, just as guidance on e.g., expected sales would not be ignored for companies that give it, just because others do not. PAI value outcomes will be reported to clients on an ongoing basis, on entity level, in the disclosure statement on the consideration of Principal Adverse Impact indicators from 30 June 2023, at the latest, and at product level, in the periodic reporting that will be published after 1 January 2023.

The following PAI indicators are taken into consideration for investments in Equities and/or Fixed Income products issued by corporate issuers for the proportion of holdings where data is available:

1. Scope 1 GHG emissions
2. Scope 2 GHG emissions
3. Scope 3 GHG emissions (from 1 January 2023)
4. Total GHG emissions
5. Carbon footprint
6. GHG intensity of investee companies
7. Share of investments in companies active in the fossil fuel sector
8. Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources
9. Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
10. Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas
11. Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average

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<sup>5</sup> Nordea 1-Global Equity Market Neutral Fund's investment strategy includes the usage of total return swaps to increase leverage and short exposure to companies. Considering the principal adverse impacts on sustainability factors of investments in short equity exposure is highly complex and requires reliable methodologies which are not yet fully developed. Taking into account the principal adverse impact on sustainability factors of investments solely in long equity exposure would not be accurate and would not reflect the overall principal adverse impacts of strategy.

12. Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
13. Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
14. Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
15. Average unadjusted gender pay gap of investee companies
16. Average ratio of female to male board members in investee companies
17. Share of investments in investee companies involved in the manufacture or selling of controversial weapons

For investments in sovereign bonds and bonds issued by Supranational entities, the following PAI indicators will be considered:

1. GHG intensity of investee countries
2. Absolute number of investee countries subject to social violations
3. Relative number of investee countries subject to social violations
4. Non-cooperative tax jurisdictions

**Commitment to making sustainable investments**

As mentioned above, depending on their investment strategy and the asset class of its investments, certain article 8 funds commit to invest a minimum proportion in sustainable investments. The methodology to identify and select those investments is described above under the section 'Sustainable Investments'.

Article 9 funds dedicate the majority of investments to a specific sustainable investment objective specified in the Table 4 below and the majority of the funds' investments are expected to be sustainable.

**Active Ownership & Engagement**

On behalf of its clients, NAM undertakes a range of engagement activities with companies, in order to affect and influence these to improve their environmental, social and governance practices, including promoting a long-term approach to decision-making. Our active ownership tools include voting, attending annual general meetings (AGMs), standard setting, engagement with companies, filing resolutions etc. A detailed description of NAM's engagement processes can be found in the NAM RI Policy.

**NAM Paris Aligned Fossil Fuel Policy**

In addition to firm-wide exclusions, a substantial and growing part of NAM's strategies is also subject to our PAFF, which sets thresholds for companies' exposure to fossil fuel production, distribution and services and excludes investments in companies that are involved beyond these thresholds if they do not have a documented transition strategy that aligns with the Paris Agreement<sup>6</sup>.

The NAM PAFF policy can be found [here](#).

**Sector screenings and other exclusions/limits**

Exclusions aim at limiting the investment exposure to certain sectors or activities that may be considered to be damaging for the environment and/or the society at large. Sector screenings assess a company's involvement in a specific activity measured by the revenue derived from this activity. Sector exclusions are the result of screenings based on the data and methodology of NAM's selected data vendors. Strategies are available with different exclusion filters including ethical filters targeting tobacco, alcohol, gambling, pornography etc. In addition, some funds also feature targets or limits on

<sup>6</sup> [\[The Paris Agreement\]](#)

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carbon footprint/intensity relative to benchmark, targeted minimum ESG score, or other exclusion lists like the so-called “NBIM list” of the Norwegian Government Pension Fund Global.

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**NAM STARS strategies**

The STARS product range uses NAM’s proprietary ESG scoring system and bespoke ESG analysis carried out by the NAM Responsible Investments team and financial analysts.

The strategies focus on selecting companies, not only with sound fundamentals, but also with high ESG scores. Using the Sustainability Accounting Standards Board (SASB) materiality map, company analysis includes enhanced due diligence on environmental, social and governance risks material to the company, and considers how companies manage their sustainability risks. Furthermore, each company’s business model alignment with the UN SDGs is taken into consideration, as the strategies’ exposure aims to skew towards companies whose activities are net supportive or neutral, rather than detracting from, the UN SDGs. ESG scores are recalibrated regularly and at least annually or if triggered by relevant negative or positive events. The ESG model sources data from several external data providers as input for the ESG score.

**Thematic ESG strategies**

NAM’s thematic ESG strategies all apply proprietary methods to identify companies that can be expected to contribute to, or benefit from, the ESG theme in question. Often, in-depth research will reveal potential investee companies with activities in areas that are not reflexively associated with the theme of the strategy. For example, the holdings of the climate strategy are far broader than the traditional renewable energy and related sectors usually associated with combating or adapting to climate change. Methods are optimised according to the specific theme and may differ from fund to fund.

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For more information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the sustainable investment objectives, please see the [NAM RI Policy](#).

For more fund specific information on environmental or social characteristics or the sustainable investment objective of the funds, please see the Nordea 1, SICAV prospectus.

The annual report of Nordea 1, SICAV can also be found [here](#).

## Sustainability indicators

Sustainability indicators are used to measure the E&S characteristics of article 8 funds and the attainment of the sustainable investment objective of article 9 funds. The indicators have been selected on fund level depending on relevance and data coverage. The indicators that are used across the funds are described in this section and the specific indicators for each fund can be found in table 3 below.

**Alignment with Climate Bonds Initiative** is used to measure the share of investments that are aligned with standards set by the Climate Bonds Initiative which is an international organization working on mobilizing global capital for climate actions via climate bond standards, certified scheme, policy engagement and market intelligence work.

**Alignment with EU Taxonomy** is used to measure the share of sustainable investments with an environmental objective that is aligned with the EU Taxonomy.

**Alignment with ICMA on Social Bond Principles standard. Green Bond Principles, Sustainability Bond Guidelines and Sustainability-Linked Bond Principles<sup>7</sup>** measures the share of investments that are aligned with standards set by the International Capital Market Association (ICMA) which is a not-for-profit association under the Swiss Civil Code, promoting internationally-accepted standards of best practice by developing market principles and recommendations for green bonds, social bonds, sustainability bonds and sustainability-linked bonds.

**Alignment with UN SDGs** measures the share of investments that are aligned with one or more of the UN SDGs. The 17 UN SDG goals were defined as an ambitious plan of actions towards people, planet and prosperity. The objective for each of the UN SDG is to provide, among others, an opportunity for business to drive and support the sustainable development and transition. Some sustainable investments have an objective aligned with UN SDGs. The selection of UN SDGs for the funds is linked to the funds' specific investment themes/objectives thereby directing investments towards a positive impact.

**Board Diversity & Executive Level Diversity** is used to measure whether a board include a strong presence of independent non-executive members and is diversified in terms of gender, experience, age and other factors.

**Carbon Footprint<sup>8</sup>** is defined by TCFD<sup>9</sup> is the total carbon emissions (scope 1 and scope 2) for a portfolio, normalized by the market value of the portfolio, expressed in tons CO<sub>2</sub>e / \$M invested. The Carbon Footprint is used to measure the impact of restrictions related to climate and environmental issues. The Carbon Footprint expresses the share of companies' and issuers' greenhouse gas emissions that is owned or funded by the fund's investments.

**GHG Intensity<sup>9</sup>** defined by TCFD is the volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio, expressed in tons CO<sub>2</sub>e/ \$M revenue.

**NAM ESG Sovereign score** with focus on "returns with responsibility", we assess ESG risks to improve the risk return profile of our investments. Sovereign ESG risk is assessed by measuring factors that have been demonstrated in academic studies to lower sovereign credit spreads and reduce volatility. These studies help determine the data factors that are used in each of the E, S and G pillars in our quantitative ESG model to construct a final ESG score. As no model can stand alone, a supplementary qualitative assessment is applied on the countries the funds invest in, to correct for idiosyncratic factors that are not captured by the model.

**Social Violations** are measured as the number of investee companies or countries subject to social and human rights violations as referred to in international treaties and conventions, United Nations principles and, where applicable, national law. Social violations are measured in absolute, as well as in relative numbers.

**Violations of UN Global Compact<sup>10</sup> ("UNGC")** is used to measure the share of investments in companies or issuers that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises. The ten principles are related to Human Rights, Labour, Environment and Anti-Corruption issues.

<sup>7</sup> <https://www.icmagroup.org/>

<sup>8</sup> <https://www.fsb-tcf.org/>

<sup>9</sup> TCFD is the Task Force on Climate-related Financial Disclosures. It was formed by the Financial Stability Board, an international body that seeks to strengthen and protect global financial markets from systemic risks such as climate change. The TCFD recommendations provide guidance to all market participants on the disclosure of information on the financial implications of climate-related risks and opportunities so that they can be integrated into business and investment decisions.

<sup>10</sup> <https://www.unglobalcompact.org/>



## Sourcing and governance of ESG data

Given the size of NAM's investment universe across its various investment boutiques and strategies, we use a range of external data providers of ESG data, as well as internal research and our proprietary ESG platform.

NAM conducts due diligence reviews of all internal and external data on an ongoing basis, and continuously assesses if new data providers can improve the analysis and models. NAM has also implemented a Supplier Code of Conduct and requests that data providers respect it. Prior to a data provider being chosen as a supplier, extensive market research is conducted, and the potential data providers are assessed on issues such as data quality, coverage, security, methodology, price, reliability and conflict of interest. When it comes to calculation of any potential alignment with the EU Taxonomy, we strive to source data directly from companies, but as self-reported data remains scarce, this may be supplemented with data sourced from third party providers.

ESG data in general is continually maturing and the data coverage is improving. NAM is constantly searching the market for the data which adheres to EU regulation requirements and can be used to provide our clients with necessary reports on the funds' ESG profiles.

**Table 1: E&S Characteristics**

Fund	SFDR article	NAM level Norms-based screening & Exclusion list	PAI	Commitment to making sustainable investments	Active ownership & engagement	PAFF	Sector and value based exclusions	Stars strategy	Thematic ESG strategy
Nordea 1 - European Corporate Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Stable Equity Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Asia ex Japan Equity Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Nordic Equity Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Swedish Short-Term Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Swedish Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - European Covered Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Danish Covered Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Norwegian Short-Term Bond Fund	8	✓	✓		✓	✓	✓		

Fund	SFDR article	NAM level Norms-based screening & Exclusion list	PAI	Commitment to making sustainable investments	Active ownership & engagement	PAFF	Sector and value based exclusions	Stars strategy	Thematic ESG strategy
Nordea 1 - Norwegian Equity Fund	8	✓	✓		✓		✓		
Nordea 1 - Norwegian Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Stable Return Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - European High Yield Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Nordic Equity Small Cap Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Stable Equity Fund - Euro Hedged	8	✓	✓		✓	✓	✓		
Nordea 1 - Emerging Wealth Equity Fund	8	✓	✓	50%	✓	✓	✓		
Nordea 1 - European Small and Mid Cap Stars Equity Fund	8	✓	✓		✓	✓	✓	✓	
Nordea 1 - Global Portfolio Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Emerging Stars Equity Fund	8	✓	✓	50%	✓	✓	✓	✓	
Nordea 1 - Low Duration US High Yield Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - European High Yield Credit Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Stable Emerging Markets Equity Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Real Estate Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - European Cross Credit Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - North American Stars Equity Fund	8	✓	✓	50%	✓	✓	✓	✓	

Fund	SFDR article	NAM level Norms-based screening & Exclusion list	PAI	Commitment to making sustainable investments	Active ownership & engagement	PAFF	Sector and value based exclusions	Stars strategy	Thematic ESG strategy
Nordea 1 - European Financial Debt Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - US Total Return Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Nordic Ideas Equity Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Opportunity Fund	8	✓	✓	50%	✓	✓	✓		
Nordea 1 - Chinese Equity Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Small Cap Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Nordic Stars Equity Fund	8	✓	✓	50%	✓	✓	✓	✓	
Nordea 1 - Emerging Stars Local Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 - GBP Diversified Return Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Stars Equity Fund	8	✓	✓	50%	✓	✓	✓	✓	
Nordea 1 - European Stars Equity Fund	8	✓	✓	50%	✓	✓	✓	✓	
Nordea 1 - Emerging Markets Debt Total Return Fund	8	✓	✓	40%	✓	✓	✓		
Nordea 1 - Low Duration European Covered Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Disruption Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Listed Infrastructure Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Emerging Stars Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 - European Corporate Stars Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 - European Covered Bond Opportunities Fund	8	✓	✓		✓	✓	✓		

Fund	SFDR article	NAM level Norms-based screening & Exclusion list	PAI	Commitment to making sustainable investments	Active ownership & engagement	PAFF	Sector and value based exclusions	Stars strategy	Thematic ESG strategy
Nordea 1 - European High Yield Stars Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 – European Inflation Linked Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Long Duration US Bond Fund	8	✓	✓		✓	✓	✓		
Nordea 1 – Asian Stars Equity Fund	8	✓	✓	50%	✓	✓	✓	✓	
Nordea 1 - Flexible Credit Fund	8	✓	✓		✓	✓	✓		
Nordea 1 - Global Equity Market Neutral Fund	8	✓			✓		✓		
Nordea 1 - North American High Yield Stars Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 - US Corporate Stars Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 - Global Climate Engagement Fund	8	✓	✓	50%	✓		✓	✓	✓
Nordea 1 - Emerging Stars Corporate Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 - Emerging Stars ex China Equity Fund	8	✓	✓	50%	✓	✓	✓	✓	
Nordea 1 - US High Yield Stars Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 - Global High Yield Stars Bond Fund	8	✓	✓	40%	✓	✓	✓	✓	
Nordea 1 - Multi-Asset Carbon Transition Fund	8	✓	✓		✓		✓		
Nordea 1 - Global Value ESG Fund	8	✓	✓	50%	✓	✓	✓		
Nordea 1 - EUR Corporate Bond Fund 1-3 Years	8	✓	✓		✓		✓		

**Table 2: Sector- and value-based exclusions**

Exclusions are based on screening results from NAM's external data providers. Each company's exposure may be measured on sales, production or distribution depending on the activity and the implementation of the sector screening in each fund.

Fund	PAFF	Coal Mining <sub>1</sub>	Tobacco	Alcohol	Gambling	Adult entertainment	Military equipment	Norm-Based exclusion <sub>2</sub>	NBIM <sub>3</sub>
Nordea 1 - European Corporate Bond Fund	√		√						
Nordea 1 - Global Stable Equity Fund	√		√						
Nordea 1 - Global Bond Fund	√		√						
Nordea 1 - Asia ex Japan Equity Fund	√		√						
Nordea 1 - Nordic Equity Fund	√		√						
Nordea 1 - Swedish Short-Term Bond Fund	√		√						
Nordea 1 - Swedish Bond Fund	√		√						
Nordea 1 - European Covered Bond Fund	√		√						
Nordea 1 - Danish Covered Bond Fund	√		√						
Nordea 1 - Norwegian Short-Term Bond Fund	√		√						
Nordea 1 - Norwegian Equity Fund <sup>11</sup>		√	√						
Nordea 1 - Norwegian Bond Fund	√		√						
Nordea 1 - Stable Return Fund	√		√						
Nordea 1 - European High Yield Bond Fund	√		√						
Nordea 1 - Nordic Equity Small Cap Fund	√		√						
Nordea 1 - Global Stable Equity Fund - Euro Hedged	√		√						
Nordea 1 - Global Climate and Environment Fund	√	√	√	√	√	√	√		
Nordea 1 - Emerging Wealth Equity Fund	√		√						
Nordea 1 - European Small and Mid Cap Equity Stars Fund	√	√	√	√	√	√	√		
Nordea 1 - Global Portfolio Fund	√		√						
Nordea 1 - Emerging Stars Equity Fund	√	√	√	√	√	√	√		
Nordea 1 - Low Duration US High Yield Bond Fund	√		√						

<sup>11</sup> Deviating from PAFF screening and applying fossil fuel screening on top of NAM's norms-based screening & exclusion list.



Fund	PAFF	Coal Mining <sup>1</sup>	Tobacco	Alcohol	Gambling	Adult entertainment	Military equipment	Norm-Based exclusion <sup>2</sup>	NBIM <sup>3</sup>
Nordea 1 - European Inflation Linked Bond Fund	√		√						
Nordea 1 - Long Duration US Bond Fund	√		√						
Nordea 1 - Asian Stars Equity Fund	√	√	√	√	√	√	√		
Nordea 1 - Flexible Credit Fund	√		√						
Nordea 1 - Global Green Bond Fund	√	√	√	√	√	√	√	√	
Nordea 1 - Global Climate and Social Impact fund	√	√	√	√	√	√	√		
Nordea 1 - North American High Yield Stars Bond Fund	√	√	√	√	√	√	√	√	
Nordea 1 - US Corporate Stars Bond Fund	√	√	√	√	√	√	√	√	
Nordea 1 - Global Climate Engagement Fund									
Nordea 1 - Global Equity Market Neutral Fund	√		√						

- 1 Extension to coal mining screening included in PAFF and NAM level norms-based screening & Exclusion list
- 2 Extension to NAM level norms-based screening & Exclusion list
- 3 Exclusion list of Norges Bank Investment Management (Norwegian Oil Fund)

**Table 3: Sustainability indicators**

Fund	SFDR article	Carbon Footprint	Violations of UNGC	GHG Intensity	Social Violations	NAM Sovereign ESG score
Nordea 1 - European Corporate Bond Fund	8	√	√	√	√	
Nordea 1 - Global Stable Equity Fund	8	√	√			
Nordea 1 - Global Bond Fund	8	√	√	√	√	√
Nordea 1 - Asia ex Japan Equity Fund	8	√	√			
Nordea 1 - Nordic Equity Fund	8	√	√			
Nordea 1 - Swedish Short-Term Bond Fund	8	√	√	√	√	
Nordea 1 - Swedish Bond Fund	8	√	√	√	√	
Nordea 1 - European Covered Bond Fund	8	√	√	√	√	
Nordea 1 - Danish Covered Bond Fund	8	√	√	√	√	
Nordea 1 - Norwegian Short-Term Bond Fund	8	√	√	√	√	
Nordea 1 - Norwegian Equity Fund	8	√	√			
Nordea 1 - Norwegian Bond Fund	8	√	√	√	√	
Nordea 1 - Stable Return Fund	8	√	√	√	√	

<b>Fund</b>	<b>SFDR article</b>	<b>Carbon Footprint</b>	<b>Violations of UNGC</b>	<b>GHG Intensity</b>	<b>Social Violations</b>	<b>NAM Sovereign ESG score</b>
Nordea 1 - European High Yield Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - Nordic Equity Small Cap Fund	8	✓	✓			
Nordea 1 - Global Stable Equity Fund - Euro Hedged	8	✓	✓			
Nordea 1 - Emerging Wealth Equity Fund	8	✓	✓			
Nordea 1 - European Small and Mid Cap Stars Equity Fund	8	✓	✓			
Nordea 1 - Global Portfolio Fund	8	✓	✓			
Nordea 1 - Emerging Stars Equity Fund	8	✓	✓			
Nordea 1 - Low Duration US High Yield Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - European High Yield Credit Fund	8	✓	✓	✓	✓	
Nordea 1 - Stable Emerging Markets Equity Fund	8	✓	✓			
Nordea 1 - Global Real Estate Fund	8	✓	✓			
Nordea 1 - European Cross Credit Fund	8	✓	✓			
Nordea 1 - North American Stars Equity Fund	8	✓	✓			
Nordea 1 - European Financial Debt Fund	8	✓	✓	✓	✓	
Nordea 1 - US Total Return Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - Nordic Ideas Equity Fund	8	✓	✓			
Nordea 1 - Global Opportunity Fund	8	✓	✓			
Nordea 1 - Chinese Equity Fund	8	✓	✓			
Nordea 1 - Global Small Cap Fund	8	✓	✓			
Nordea 1 - Nordic Stars Equity Fund	8	✓	✓			
Nordea 1 - Emerging Stars Local Bond Fund	8	✓	✓	✓	✓	✓
Nordea 1 - GBP Diversified Return Fund	8	✓	✓	✓	✓	
Nordea 1 - Global Stars Equity Fund	8	✓	✓			
Nordea 1 - European Stars Equity Fund	8	✓	✓			
Nordea 1 - Emerging Markets Debt Total Return Fund	8	✓	✓	✓	✓	✓
Nordea 1 - Low Duration European Covered Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - Global Disruption Fund	8	✓	✓			
Nordea 1 - Global Listed Infrastructure Fund	8	✓	✓			
Nordea 1 - Emerging Stars Bond Fund	8	✓	✓	✓	✓	✓
Nordea 1 - European Corporate Stars Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - European Covered Bond Opportunities Fund	8	✓	✓	✓	✓	
Nordea 1 - European High Yield Stars Bond Fund	8	✓	✓	✓	✓	



<b>Fund</b>	<b>SFDR article</b>	<b>Carbon Footprint</b>	<b>Violations of UNGC</b>	<b>GHG Intensity</b>	<b>Social Violations</b>	<b>NAM Sovereign ESG score</b>
Nordea 1 – European Inflation Linked Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - Long Duration US Bond Fund	8	✓	✓	✓	✓	
Nordea 1 – Asian Stars Equity Fund	8	✓	✓			
Nordea 1 - Flexible Credit Fund	8	✓	✓	✓	✓	
Nordea 1 - Global Equity Market Neutral Fund	8	✓	✓			
Nordea 1 - North American High Yield Stars Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - US Corporate Stars Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - Global Climate Engagement Fund	8	✓	✓			
Nordea 1 - Emerging Stars Corporate Bond Fund	8	✓	✓	✓	✓	✓
Nordea 1 - Emerging Stars ex China Equity Fund	8	✓	✓			
Nordea 1 - US High Yield Stars Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - Global High Yield Stars Bond Fund	8	✓	✓	✓	✓	
Nordea 1 - Multi-Asset Carbon Transition Fund	8	✓	✓	✓	✓	
Nordea 1 - Global Value ESG Fund	8	✓	✓			
Nordea 1 - EUR Corporate Bond Fund 1-3 Years	8	✓	✓	✓	✓	

<b>Fund</b>	<b>SFDR article</b>	<b>% alignment to UN SDG</b>	<b>% alignment to EU Taxonomy</b>	<b>Board diversity and Executive level diversity</b>	<b>% of Aum invested in bonds complying with Green Bond Principles/ Climate Bonds Initiative / EU Green Bond Standard</b>	<b>% of AuM invested in bonds complying with the ICMA or similar Social Bond Principles standard</b>
Nordea 1 - Global Climate and Environment Fund	9	9; 11; 12	✓			
Nordea 1 - Global Gender Diversity Fund	9	5		✓		
Nordea 1 - Global Social Empowerment Fund	9	3; 6; 9				
Nordea 1 - Global Green Bond Fund	9				✓	
Nordea 1 - Global Climate and Social Impact Fund	9	3; 9; 11	✓			
Nordea 1 - Global Social Bond Fund	9					✓
Nordea 1 – Global Sustainable Listed Real Assets Fund	9	3; 6; 7; 9; 11	✓			
Nordea 1 – Global ESG Taxonomy Opportunity Fund	9		✓			
Nordea 1 - Sustainable Environment and Biodiversity Fund	9	2; 6; 9; 11; 12	✓			
Nordea 1 - Global Social Solutions Fund	9	3; 8; 9; 11				

Below the list of the 17 UN SDGs for your reference:



**Table 4: Investment objectives for article 9 funds**

<p><b>Nordea 1 – Global Sustainable Listed Real Assets Fund</b></p>	<p>The fund combines environmentally and socially sustainable investment objectives. It aims to create positive environmental and social impact, by investing in companies that are involved in economic activities that are considered environmentally or socially sustainable by virtue of their contribution to one or more of the environmental- or social-themed UN SDGs. The EU Taxonomy provides a framework for assessing the environmental sustainability of economic activities and to the extent that reliable data is available, the Taxonomy will be the reference point for the assessment of the environmentally-sustainable investments.</p>
<p><b>Nordea 1 – Global Social Solutions Fund</b></p>	<p>The fund has a sustainable objective to create positive social impact, by investing in companies that contribute to selected UN SDGs that relate to social issues.</p>
<p><b>Nordea 1 – Global Climate and Environment Fund</b></p>	<p>The fund aims to create positive environmental impact by investing in companies that are materially involved in economic activities that are considered environmentally-sustainable by virtue of their contribution to one or more of the UN SDGs. The EU Taxonomy provides a framework for assessing the environmental sustainability of economic activities and to the extent that reliable data is available, the Taxonomy technical screenings will be the reference point for the assessment of environmentally-sustainable investments.</p> <p>The fund may contribute to any of the environmental objectives set out in the EU Taxonomy.</p>
<p><b>Nordea 1 – Global Social Empowerment Fund</b></p>	<p>The fund has a sustainable objective to create positive social impact, by investing in companies that contribute to selected UN SDGs that relate to social issues.</p>

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<b>Nordea 1 – Global Climate and Social Impact Fund</b>	<p>The fund combines environmentally-and socially-sustainable investment objectives. It aims to create positive environmental and social impact by investing in companies that are involved in economic activities that are considered environmentally or socially-sustainable by virtue of their contribution to one or more of the UN SDGs. The EU Taxonomy provides a framework for assessing the environmental sustainability of economic activities and to the extent the Taxonomy technical screenings and company data are available, the Taxonomy will be the reference point for the assessment of the environmentally-sustainable Investments.</p> <p>The fund may contribute to any of the environmental objectives set out in the EU Taxonomy.</p>
<b>Nordea 1 – Sustainable Environment and Biodiversity Fund</b>	<p>The fund’s sustainable investment objective is to help reduce pressures on natural capital and halt biodiversity decline by investing predominantly in companies that:</p> <ul style="list-style-type: none"><li>• are substantially involved in economic activities that are considered environmentally-sustainable according to the EU Taxonomy; or</li><li>• have products or services that align with relevant UN SDG targets when they are not covered by the EU Taxonomy technical standards; or</li><li>• or have adopted stronger sustainability practices to specifically reduce the ecological pressure potential of their supply chain or operations.</li></ul>
<b>Nordea 1 – Global Gender Diversity Fund</b>	<p>The fund has a sustainable objective to create positive social impact, by investing in companies that contribute to selected UN SDGs that relate to diversity and equality.</p>
<b>Nordea 1 – Global ESG Taxonomy Opportunity Fund</b>	<p>The fund has a sustainable objective to create positive impact by investing in companies that are involved in economic activities that contribute substantially to at least one of the objectives of the EU Taxonomy.</p> <p>The fund may contribute to any of the environmental objectives set out in the EU Taxonomy Regulation</p>
<b>Nordea 1 – Global Green Bond Fund</b>	<p>The fund has a sustainable objective to create positive environmental impact by investing at least 70% of its assets in green bonds. The remaining part of the fund’s assets is invested in other bonds that are considered sustainable, including conventional bonds from issuers whose economic activities are environmentally-sustainable for investment purposes.</p>
<b>Nordea 1 – Global Social Bond Fund</b>	<p>The fund has a sustainable objective to create positive social impact by investing at least 70% of its assets in social bonds. The remaining part of the fund’s assets is invested in other bonds that are considered sustainable, including conventional bonds from issuers whose economic activities are socially sustainable for investment purposes.</p>

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November update contains update of the UN SDGs for article 9 funds and *Table 2: Sector- and value-based exclusions* has been updated by clarifying on the exclusions made for Nordea 1 – Norwegian Equity Fund.

Nordea Asset Management is the functional name of the asset management business conducted by the legal entities Nordea Investment Funds S.A. and Nordea Investment Management AB (“the Legal Entities”) and their branches and subsidiaries. **Additional information for Nordea 1, SICAV:** The funds mentioned are part of Nordea 1, SICAV, an open-ended Luxembourg-based investment company (Société d' Investissement à Capital Variable), validly formed and existing in accordance with the laws of Luxembourg and with European Council Directive 2009/65/EC of 13 July 2009. Any investment decision in the funds should be made on the basis of the current prospectus and the Key Investor Information Document (KIID), which are available, along with the current annual and semi-annual reports, electronically in English and in the local language of the market where the mentioned SICAV is authorised for distribution, without charge upon request from Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, from the local representatives or information agents, or from our distributors. Further information can be obtained from your financial advisor. He/she can advise you independently of Nordea Investment Funds S.A. **Please note that all funds and share classes might not be available in your country of jurisdiction.** Nordea 1, SICAV is registered under the number B-31442 at the Trade and Companies Register of Luxembourg. © The Legal Entities adherent to Nordea Asset Management and any of the Legal Entities' branches and/or subsidiaries.