

Interview with Portfolio Manager Henning Padberg and Michaela Zhirova, Head of Research & Products in Responsible Investments

ESG integration in practice

Nordea 1 – Global Climate & Environment Fund

LU0348926287 (BP-EUR) / LU0348927095 (BI-EUR)

Please note that the conference call occurred on the 16th of September 2020. All market commentary and information refers to the period before then.

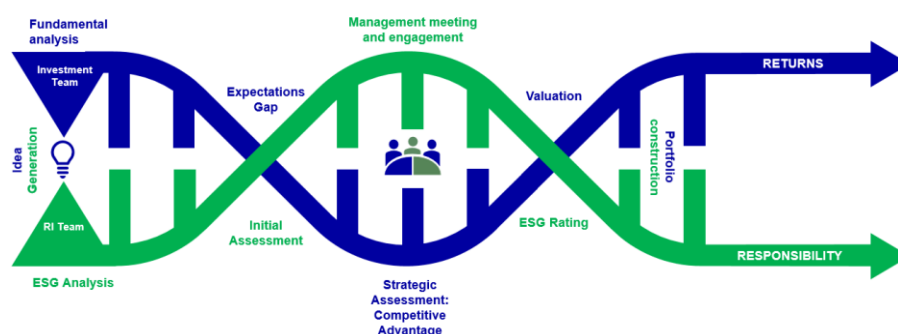
Key takeaways

- Like our dedicated ESG STARS solutions, the Nordea 1 – Global Climate & Environment Fund has a dedicated Responsible Analyst who is involved throughout the investment process.
- As a responsible investor, we foster corporate improvement via engagement. Engagement can lead to:
 - higher conviction in our positions
 - lower conviction in our positions and even a divestment
 - increased awareness on ESG topics among the companies
- While engagement has different dimensions and can lead to different outcomes, it will always be our preferred method to contribute to a better more sustainable society.

You are in different teams: how do you collaborate on this fund?

Henning: Our job is to identify leaders in climate solutions, and ESG plays an increasingly important role in this. This integration begins at the beginning of our investment process and our strong relationship is helped by the fact we sit quite close together and can have robust discussions. As portfolio managers in the Fundamental Equities team, we have a solid bottom-up framework for assessing valuations and analysing a company in terms of its climate positive solution and the benefits to society, as well as classic business fundamentals, such as detailed cash flow modelling. The ESG analysis and insights that Michaela provides gives us additional information which is becoming increasingly important in assessing potential financial returns.

Michaela: On the responsible investment side, we conduct an analysis of business models to determine if a company is contributing positively to the Sustainable Development Goals and use this as a broad guideline when assessing societal contribution. We also look to identify whether a company's sustainable elements are truly driving growth and capex. As for broader ESG factors, we deploy our usual toolbox – such as looking at how the company is run and whether it treats its customers fairly. We also look for key risks such as workforce matters, data handling or issues related to product quality or service.



One of the clearest ways of highlighting the collaborative approach between the teams is in company engagement, can you give an example of this?

Henning: While engagement is important in helping companies move in the right direction, it is also a tool to build our conviction in the investment case. Because of our close dialogue, we get an insight into how companies respond to certain issues and risks. An example can be seen in US waste management company Republic Services. It previously had a poor ESG profile – so low we could not invest in it. When we wanted to look at it again, Michaela joined us in our meeting with the CFO. We found the company had come a long way, so much so the ESG issues would not hinder an investment. We also followed up with detailed ESG analysis on the issues the company still faced.

Michaela: Even though this business model has a lot of negative impacts, it has impressive management of these impacts. There are many examples of companies where the well-meaning sustainability function is organisationally supported, but then the management team simply does its own thing. I saw evidence both functions were on the same page at Republic Services, with capex spending supporting this. I was also reassured by the honest discussion we had with the head of sustainability in terms of the challenges ahead for the company. Another strong differentiator was the fact Republic Services was the only US waste management provider to have a science-based target for CO2 emission reductions. While the external perception of the company was poor, our internal work was validated by a subsequent upgrade from MSCI, which was beneficial, as our portfolio managers were already invested.

ESG Rating history Republic Services



ESG Rating history shows five most recent rating actions

Source: Nordea Investment Management AB, MSCI ESG Research, ©2020 MSCI ESG Research LLC. Reproduced by permission

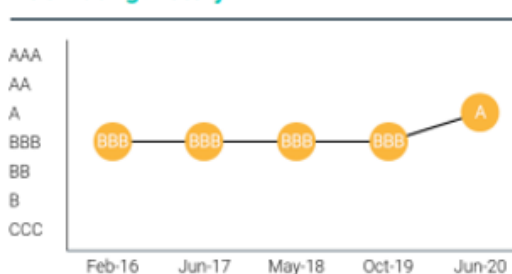
Surely not all engagement is positive. Do you have an example of where your ESG analysis drove you to sell a holding?

Henning: This was the case in global agriculture business Bunge. Our investment case looked at its solutions to improve traceability of agricultural commodities, as well as its ability to offer clients improved sustainability practices. While Bunge appeared good on the surface in relation to ESG – with external ESG providers rating it highly – our internal analysis identified a red flag in relation to deforestation, particularly in Latin America. In addition to not being satisfied by responses from the company, we also saw a change in management which de-emphasised the sustainability agenda. In the end, the ESG analysis and engagement process led to us selling our shares.

Can you describe how this company dialogue also crosses over with the many global initiatives currently underway?

Michaela: One initiative we undertake at Nordea is to encourage the highest emitting companies within our portfolios to adopt the standards of the Task Force on Climate-Related Financial Disclosures (TCFD). We also reinforce the need for companies to inform investors more granularly about business model risks and advantages. Linde, which the portfolio managers have held for almost a decade, is a good example of our efforts here. Linde provides solutions for asset-heavy industries to cut emissions, but it has a CO2 cost itself. While it already had a strong reporting function in place, we encouraged the company to commit to the TCFD standards. It was extremely positive to see Linde take our recommendations on board and publish its TCFD alignment earlier this year.

ESG Rating history Linde



ESG Rating history shows five most recent rating actions

Source: Nordea Investment Management AB, MSCI ESG. ©2020 MSCI ESG Research LLC. Reproduced by permission

The sub-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. **This document is advertising material** and does not disclose all relevant information concerning the presented sub-funds. Any investment decision in the sub-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. Investments in derivative and foreign exchange transactions may be subject to significant fluctuations which may affect the value of an investment. **Investments in Emerging Markets involve a higher element of risk. The value of shares can greatly fluctuate as a result of the sub-fund's investment policy and cannot be ensured. Investments in equity and debt instruments issued by banks could bear the risk of being subject to the bail-in mechanism (meaning that equity and debt instruments could be written down in order to ensure that most unsecured creditors of an institution bear appropriate losses) as foreseen in EU Directive 2014/59/EU. For further details of investment risks associated with these sub-funds, please refer to the relevant Key Investor Information Document (KIID), available as described above.** Nordea Investment Funds S.A. has decided to bear the cost for research, i.e. such cost is covered by existing fee arrangements (Management-/Administration-Fee). Nordea Investment Funds S.A. only publishes product-related information and does not make any investment recommendations. Published by Nordea Investment Funds S.A., 562, rue de Neudorf, P.O. Box 782, L-2017 Luxembourg, which is authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. 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 sub funds and share classes might not be available in your country of jurisdiction.**

Additional information for investors in Switzerland: The Swiss Representative and Paying Agent is BNP Paribas Securities Services, Paris, Succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland. **Additional information for investors in Germany:** The Information Agent in Germany is Société Générale S.A. Frankfurt Branch, Neue Mainzer Straße 46-50, DE-60311 Frankfurt am Main, Germany. A hard copy of the above-mentioned fund documentation is also available here. **Additional information for investors in Austria:** The Information and Paying Agent in Austria is Erste Bank der österreichischen Sparkassen AG, Am Belvedere 1, AT-1100 Vienna, Austria. **Additional information for investors in the Netherlands:** Nordea 1, SICAV is a Luxembourg Undertaking for Collective Investment in Transferable Securities (UCITS) registered in the Netherlands in the register kept by the AFM, and as such is allowed to offer its shares in the Netherlands. The AFM register can be consulted via www.afm.nl/register. **Additional information for investors in France:** With the authorisation of the AMF the shares of the sub-funds of Nordea 1, SICAV may be distributed in France. Centralising Correspondent in France is CACEIS Bank, located at 1-3, place Valhubert, FR-75206 Paris cedex 13, France. **Investors are advised to conduct thorough research before making any investment decision.** **Additional information for investors in Belgium:** The Financial Service Agent in Belgium is BNP Paribas Securities Services S.C.A., Brussels Branch, Rue de Loxum, 25, BE-1000-Brussels, Belgium. A hard copy of the above-mentioned fund documentation is available upon demand free of charge. **Additional information for investors in Spain:** Nordea 1, SICAV is duly registered in the CNMV official registry of foreign collective investment institutions (entry no. 340) as authorised to be marketed to the public in Spain. The Depositary of the SICAV's assets is, J.P. Morgan Bank Luxembourg S.A. In Spain, any investment must be made through the authorised distributors and on the basis of the information contained in the mandatory documentation that must be received from the SICAV's authorised distributor prior to any subscription. The Representative Agent is Allfunds Bank S.A.U., C/ de los Padres Dominicos, 7, ES-28050 Madrid, Spain. A complete list of the authorised distributors is available in the CNMV's webpage (www.cnmv.es). **Additional information for investors in Portugal:** The Management Company of the SICAV, Nordea Investment Funds S.A., and the Depositary of the SICAV's assets, J.P. Morgan Bank Luxembourg S.A., are validly formed and existing in accordance with the laws of Luxembourg and authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Our distributor in Portugal is BEST - Banco Electrónico de Serviço Total, S.A., duly incorporated under the laws of Portugal and registered with the CMVM as a financial intermediary. **Additional information for investors in Italy:** Fund documentation as listed above is also available in Italy from the distributors and on the website www.nordea.it. The updated list of distribution agents in Italy, grouped by homogenous category, is available from the distributors themselves or from the Paying Agents: State Street Bank International GmbH – Succursale Italia, BNP Paribas Securities Services - Succursale di Milano, Allfunds Bank S.A.U. Succursale di Milano, Société Générale Securities Services S.p.A., Banca Sella Holding S.p.A., Banca Monte dei Paschi di Siena S.p.A., CACEIS Bank S.A. – Succursale Italia and on the website www.nordea.it. Any requests for additional information should be sent to the distributors. **Before investing, please read the prospectus and the KIID carefully.** We recommend that you read the most recent annual financial statement in order to be better informed about the fund's investment policy. **The prospectus and KIID for the sub-funds have been published with Consob.** For the risk profile of the mentioned sub-funds, please refer to the fund prospectus. **Additional information for investors in the United Kingdom:** The Facilities Agent is Financial Express Limited 2nd Floor, Golden House 30 Great Pulteney Street W1F 9NN, London, United Kingdom. **Additional information for investors in Ireland:** The Facilities Agent is Maples Fund Services (Ireland) Limited, 32 Molesworth Street, D02 Y512 Dublin 2, Ireland. **Additional information for investors in Sweden:** The Paying Agent is Nordea Bank Abp, Swedish Branch, Smålandsgatan 17, SE-105 71 Stockholm, Sweden. **Additional information for investors in Denmark:** The Representative and Sub-Paying Agent is Nordea Bank Abp, Danish Branch, Grønlandsvej 10, DK-2300 Copenhagen S, Denmark. A hard copy of the above-mentioned fund documentation is available here. **Additional information for investors in Norway:** The Paying Agent is Nordea Bank Abp, Norwegian Branch, Essendrops gate 7, Postboks 1166 Sentrum, NO-0107 Oslo, Norway. The Representative Agent is Nordea Funds Ltd, Norwegian Branch, Essendrops gate 7, Postboks 1166 Sentrum, NO-0107 Oslo, Norway. **Additional information for investors in Finland:** The Paying Agent is Nordea Bank Abp, Satamaradankatu 5, FI-00020, Helsinki, Finland. The Representative Agent is Nordea Funds Ltd, Satamaradankatu 5, FI-00020, Helsinki, Finland. **Additional information for investors in Latvia:** The Representative Agent is Luminor Bank AS, 62 Skanstes iela 12, LV-1013 Riga, Latvia. **Additional information for investors in Estonia:** The Representative Agent in Estonia is Luminor Bank AS, Liivalaia 45, EE-10145 Tallinn, Estonia. **Additional information for investors in Lithuania:** The Representative Agent in Lithuania is Luminor Bank AB, Konstitucijos pr. 21 A, LT-03601 Vilnius, Lithuania. Shareholders must evaluate possible investment risks and take this into consideration when making investment decisions. **Information for investors in Brazil:** This is a strictly privileged and confidential document for the purposes of a potential investment in foreign securities on a one-on-one basis with potential investors with a pre-existing relationship with Nordea Investment Funds S.A. This document contains information addressed only to a specific individual and is not intended for distribution to, or use by, any other person. This document (i) is provided for informational purposes only, (ii) should not be construed in any manner as any solicitation or offer to buy or sell any securities or any related financial instruments, (iii) should not be construed in any manner as a public offer of any securities or any related financial instruments, and (iv) and will be addressed to a potential investor with restrict access of information. Nordea 1, SICAV have not been, and will not be, registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM), and must not be offered or sold in Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations. Any public offering, placement or distribution, as defined under Brazilian laws and regulations, of securities in Brazil, is not legal without prior registration under Law No. 6,385 of December 7, 1976, as amended. Documents relating to the offering of the Nordea 1, SICAV, as well as information contained therein, must not be supplied to the general public in Brazil (as the offering of the Nordea 1, SICAV is not a public offering of securities in Brazil) or used in connection with any offer for subscription or sale of the Nordea 1, SICAV to the general public in Brazil. Investors within Brazil should consult with their own counsel as to the applicability of these laws and regulations or any exemption there from. **Information for Investors in Singapore: NORDEA INVESTMENT FUNDS S.A. SINGAPORE BRANCH 138 Market**

Street, #09-02 Capita Green (UEN No. T18FC0105C) (Incorporated in Luxembourg, with limited liability) The sub-funds which are mentioned in this document form part of the restricted schemes under the Sixth Schedule to the Securities and Futures Regulations. The sub-funds are not authorised or recognised by the Monetary Authority of Singapore ("MAS"). NORDEA INVESTMENT FUNDS S.A. SINGAPORE BRANCH is registered as a foreign company under Part XI Division 2 of the Companies Act, Chapter 50 of Singapore on 9 July 2018, bearing registration number T18FC0105, the address is 138 Market Street, #09-02 Capita Green and it is Incorporated in Luxembourg, with limited liability. The offer or invitation mentioned, which is the subject of this document, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under Section 287 of the SFA. The Fund is not authorised or recognised by MAS, nor allowed to be offered to the retail public. Thus, it may not be circulated, distributed, offered, sold or be made subject to an invitation to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This document and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. This document contains information only intended for professional qualified under section 304 and 305 of the SFA and is not intended for general publication. **Information for Investors in Hong Kong: Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.** The Fund, and thus comprising its sub-funds, have not been authorised by the Securities & Futures Commission ("SFC"). Accordingly, the Shares adherent to the Fund and its sub-fund(s) in question may only be offered or sold in Hong Kong to persons who are i) "Professional Investors" as defined within the Securities & Futures Ordinance of Hong Kong or ii) in circumstances which are permitted under the 17th Schedule of the Companies Ordinance of Hong Kong and as defined under the Securities and Futures Ordinance of Hong Kong. This document contains information only intended for professional investors qualified under the SFO, the Companies Ordinance and is not intended for general publication. **Additional information for investors in Japan:** These sub-funds are not authorized for public distribution in Japan. Clients of advisory business do not qualify as qualified institutional investors and shall not be offered this product prior to registration for public offering. **Additional information for investors in South Korea:** This document is not, and under no circumstances is, to be construed as, a public offering of securities in South Korea. Neither the mentioned Funds nor Nordea Asset Management (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, subsidiaries and representative offices) is making any representation with respect to the eligibility of any recipients of this presentation to acquire the shares in the Fund mentioned under the laws of South Korea, including but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The shares of the funds mentioned have not been registered with the Financial Services Commission of South Korea under the Financial Investment Services and Capital Markets Act (the "FSCMA") for a public offering, and none of the shares of the Fund may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea. The shares Fund may only be sold in South Korea through a local financial investment company registered with the Financial Services Commission and on a private placement basis to certain qualified professional investors as defined in the FSCMA. **Please note that Nordea 1, SICAV has not been registered in Australia. Additional information for Chile:** Fecha de inicio de la oferta: 16.09.2020 (i) La presente oferta se acoge a la Norma de Carácter General N° 336 de la Comisión para el Mercado Financiero de Chile. (ii) La presente oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Comisión para el Mercado Financiero, por lo que los valores sobre los cuales ésta versa, no están sujetos a su fiscalización; (iii) Por tratarse de valores no inscritos, no existe la obligación por parte del emisor de entregar en Chile información pública respecto de estos valores; y (iv) Estos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el Registro de Valores correspondiente. It conforms to the General Ruling no. 336 issued by the Comisión para el Mercado Financiero de Chile (the "CMF") on June 27th, 2012 ("Safe Harbour Regulation" or "SHR"). The sub-funds mentioned within this document are not registered in the Registry of Securities or in the Registry of Foreign Securities of the CMF, i.e. these sub-funds are not subject to the oversight of the CMF. As long as the sub-funds mentioned within this document are not registered with the corresponding Registry of Securities in Chile, this document shall not constitute a public offering. Nordea Investment Funds S.A. is not obligated to provide public information in Chile regarding the sub-funds mentioned within this document since they are not registered with the CMF. **Additional information for USA: This sub-fund is not authorized for public distribution in the United States of America. This document and the information contained herein is for relevant investors only and shall not be distributed to retail investors. Clients of advisory business do not qualify as qualified investors and shall not be offered this product prior to registration for public offering. Additional information for Peru:** Nordea 1, SICAV have not been and will not be registered in Peru under Decreto Legislativo 861- Ley del Mercado de Valores (the "Securities Market Law"), and are being offered pursuant to a private placement. The interests have not been registered in the Securities Market Public Registry (Registro Público del Mercado de Valores) maintained by, and the offering of the securities in Peru is not subject to the supervision of, the superintendencia del Mercado de Valores. Any transfers of the interests shall be subject to the limitations contained in the securities market law and the regulations issued thereunder. As the securities are not registered, there is no obligation to deliver in Peru public information with respect to the securities offered hereby. These securities cannot be offered by way of public offering as long as they are not registered in the securities market public registry. Investors in Peru should consult with their own counsel as to the applicability of these laws and regulations or any exemption there from. This material aims to provide information only and does not constitute and should not be construed as an offer to buy or sell or solicitation of an offer to buy or sell any security or financial instrument. Source (unless otherwise stated): Nordea Investment Funds S.A. Unless otherwise stated, all views expressed are those of Nordea Investment Funds S.A. This document may not be reproduced or circulated without prior permission and must not be passed to private investors. This document contains information only intended for professional investors and financial advisers and is not intended for general publication. Reference to companies or other investments mentioned within this document should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

Although Nordea Investment Funds S.A.'s information providers, including without limitation, MSCI ESG Research LLC. and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damage.