Nordea
ASSET MANAGEMENT

Our Climate Approach

November 2020

Executive Summary

It's hard to overstate the urgency of climate change. This issue arguably presents the single largest threat to the global economy, the humankind and the planet we live on. Therefore, we continue to accelerate our efforts in ESG and Responsible Investment. This report offers a detailed look at how Nordea Asset Management is approaching climate change through our organisation, our active ownership capabilities, as well as the initiatives we support.

Governance

Support for Responsible Investment at NAM comes from the top. Our Board oversees the strategic direction and reviews the development of our ESG policies. Our official Responsible Investment policy and strategy include commitments to Climate-related Financial Disclosures (TCFD), the Paris Agreement and UN Sustainable Development Goals (SDGs).

Strategy

Our climate strategy consists of five pillars:

1. **Climate risk is part of our regular risk monitoring and is integrated into our overall investment process.** This includes measuring the portfolios' carbon intensity with metrics in line with EU and TCFD recommendations, as well as managing climate-related risks including policy, technological and physical risks.

2. **Active ownership is a central component of our corporate-wide RI overlays** and of paramount importance to us. This includes engagement with companies to bring them into alignment with the SDGs and Paris Agreement. We also vote on our holdings by attending Annual General Meetings and sitting on nomination committees.

3. **While engagement is our preferred approach, we will not hesitate to divest from companies where this has not proven effective.** We maintain strict exclusion criteria for coal mining and oil sands.

4. **Developing new products to increase investment in climate solutions** and companies that undertake real-world decarbonization is a core part of our climate strategy. Our ESG STARS concept was developed to integrate traditional financial analysis with ESG analysis including engagement and shareholder action.

5. **We support numerous policy and investor initiatives** including Carbon Disclosure Project, Climate Action 100+, SASB's Investor Advisory Group, and Principles for Responsible Investment, to name a few.

Reporting

We are committed to measuring and reporting the climate impact of the funds we manage on behalf of our clients, as well as assessing and managing climate-related risks with respect to our investment.

Next steps

We continuously look for ways to enhance our product offering with new strategies that support sustainable development while aligning all portfolios with the Paris Agreement over the long term. As we continue implementing the TCFD recommendations, we will refine our tools to identify climate risk. We are also working to improve our climate reporting in keeping with SASB recommendations.

Contents

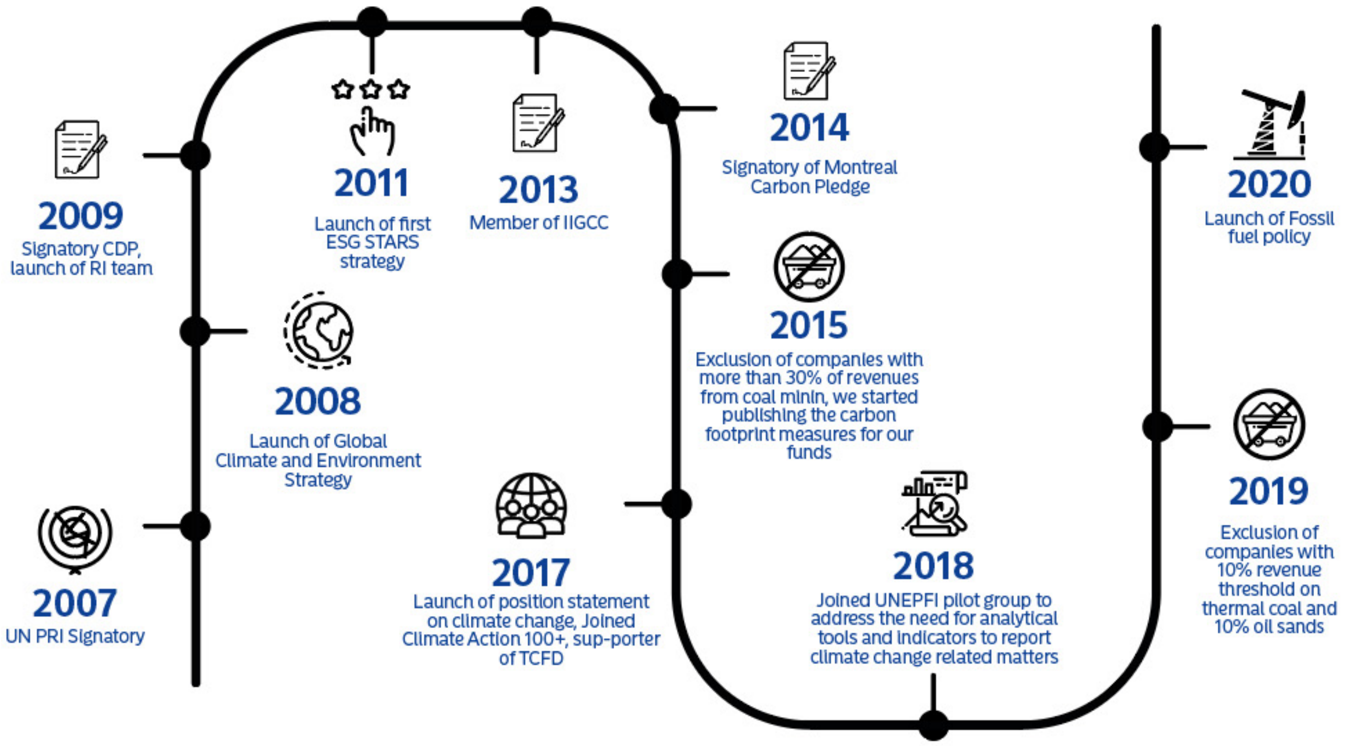
1. Introduction to our work on climate

As the urgency of the climate issue is mounting, we continue to accelerate our efforts. Our mission is to deliver returns with responsibility and integrating climate risk as well as other sustainability risks into our investment decisions is critical. Neglecting these risks could have a negative impact on investment performance through both unwanted risk exposures and missed opportunities as the world transitions to a low-carbon economy.

Climate change is one of the single largest threats to the global economy and Nordea Asset Management (NAM) is working on an ongoing basis to assess the risk and impact of the low-carbon transition on sectors and companies.

The commitment to responsible investment (RI) and climate change mitigation is very much embedded into the core of our organisation:

- We were an early adopter in RI having signed the Principles for Responsible Investment (PRI) as early as 2007.
- In 2009, Nordea's RI team was formed and since its inception the impact of climate change has been part of our proprietary ESG analysis.
- Our top management takes our commitment to RI a step further with the Responsible Investment Committee (RIC). Chaired by NAM's CEO and comprised of Senior NAM executives, the committee oversees NAM's RI strategy including our climate change strategy.
- Over the past decade, we have developed a strong and proven RI framework. This is evidenced by the fact that the PRI gave our RI strategy and governance framework a top score of A+ .



2. Climate change in our governance

Support for responsible investment at NAM comes from the top. Our Board oversees the strategic direction and reviews the development of our ESG policies, starting from the Responsible Investment Committee (RIC) charter and Chief Investment Officer (CIO) instructions through the Responsible Investment policy and the Corporate Governance policy.

> We will work to **align our business strategies with the Paris Climate Agreement**
> *Frank Vang Jenssen, President and CEO, Nordea Group*

Our RI policy and strategy include climate change points such as our commitment to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and expectations of companies, our ambition to align our portfolios with the Paris agreement over time and our position on coal mining and oil sand exclusions. The climate strategy has been anchored with the Board and oversight of NAM's climate change strategy rests with the RIC, which was created in 2009 and is chaired by the CEO of NAM. The CIO's instructions include responsibility for integrating ESG risks - including risks arising from climate change - into the investment analysis and decisions.

3. Our climate strategy

Climate change has been a focus area for NAM for a long time. Our ambition is to eventually align all of our portfolios with the Paris Agreement. To achieve this, we have created a solid strategy that supports this mission.

Our strategy on climate change is built on five pillars:

Nordea Asset Management Climate Change Strategy

Integration	Active ownership	Divestment and mitigation	Products and solutions	Policy support
Climate risk and opportunities is part of regular risk monitoring and company research	We vote and engage to achieve climate-resilient portfolios	We limit exposure to highly carbon-intensive companies with limited progress to transform	We focus on products that support the transition to the low-carbon economy	We support the TCFD recommendations and aim to align our portfolios over time to the Paris Agreement

The five pillars are equally important to our climate strategy. These strategy pillars - and the way we implement those in our climate work - will be introduced in more detail in the coming chapters.

3.1 Climate integration

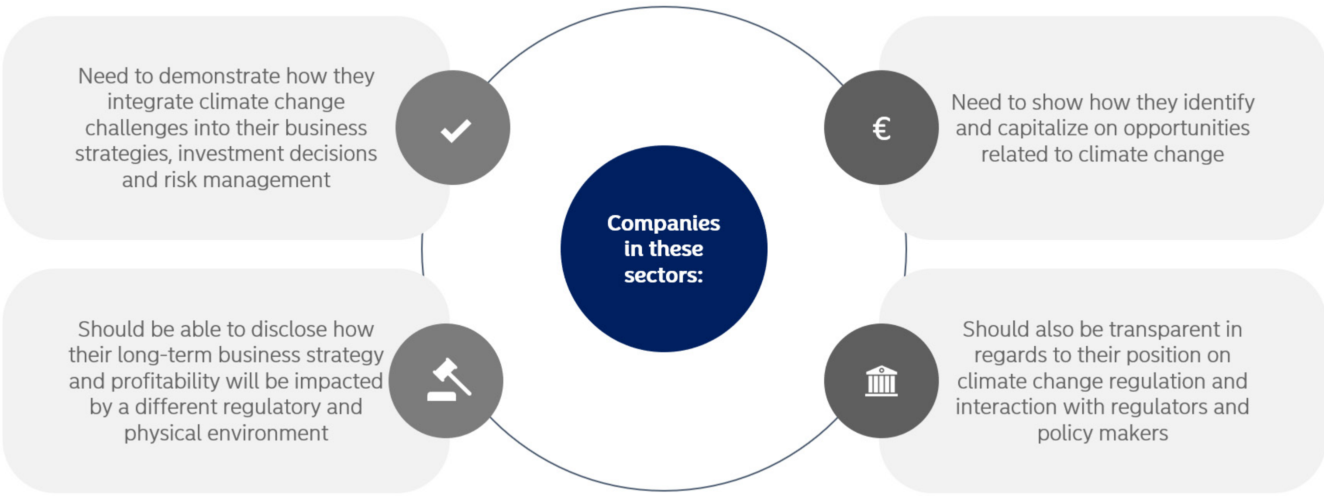
We recognise the importance of limiting the average global temperature rise to well below the 2-degree Celsius' target and that the transition towards a low-carbon economy is vital.

Nordea has a role to play in enabling this transition from a carbon-intensive to low-carbon economy. We aim to align our portfolios with the Paris agreement in the long term and further reduce the financial risk related to climate change in our portfolios. We work actively to mobilize capital for the low-carbon transition by engaging with companies, clients, policymakers, and fellow investors.

At Nordea, we expect our customers and investee companies to acknowledge the Intergovernmental Panel on Climate Change (IPCC) scientific consensus on the influence of human activities on inducing climate change and to commit to fulfilling the objectives of the Paris Agreement.

Climate change presents a challenge to our investments - in terms of its physical impact as well as against the prospect of the implementation of radical policy measures in order to reduce GHC-emissions globally. There are a number of sectors that are particularly exposed to climate change.

Nordea Asset Management Climate Change Strategy



Climate risk is part of NAM's regular risk monitoring and integrated into the overall investment process. We make both proprietary and externally sourced climate risk analysis and data available to all investment teams and we have integrated ESG and climate KPIs into the portfolio performance reviews of our equities and fixed income teams. We are using the Climate Value at Risk (CVaR) model to quantify climate risk exposure in financial terms, joining the CVaR modelling with our conventional risk assessment framework.

In order to integrate climate considerations into investments, all our portfolio managers regularly receive portfolio risk reports which include climate risk figures and emissions intensity of the portfolio.

In addition, an important part of integration is to ensure that all portfolio managers and other investment professionals are equipped with the adequate understanding of climate risks and their financial implications. For this reason, the Responsible Investment team developed an extensive climate risk workshop concept which was used to educate investment teams, top and middle management, and the Board during 2020.

3.1.1 Measuring the portfolios' carbon intensity

We believe that increased transparency of funds' carbon footprints contributes positively to tackling climate change. We are committed to measuring and publicly disclosing the carbon footprint of our investment portfolios on an annual basis. Since 2015, NAM has published the carbon footprints for our funds, to take the pulse on our emissions reduction efforts.

For our portfolios, we calculate an Weighted Average Carbon Intensity (WACI), which is in line with the recommendations of the EU's Non-Financial Reporting Directive and TCFD, and measures a portfolio's exposure to carbon-intensive companies. Since companies with higher carbon intensity are likely to face more exposure to carbon-related market and regulatory risks, this metric can serve as a proxy for climate-related risks relative to other portfolios or relative to a benchmark.

WACI represents the asset-weighted average tons of CO2e per millions of turnover (sales) for the companies in a portfolio. This is included in every portfolio risk report as well as the company specific contribution.

Method:

The carbon intensity (CO2e / sales in MUSD) for each company is weighted by the portfolio exposure to the company. CO2e means CO2 equivalents, so other greenhouse gases are converted to their CO2 equivalents.

Formula:

$$Weighted\ Average\ Carbon\ Intensity = \sum WT_{company} * \frac{CO2e_{company}}{Sales\ USD_{company}}$$

WT Company: Weight of company in portfolio (portfolio exposure to company)
CO2e company: Emissions, Scope 1 and 2. CO2 equivalents, annual rate.
Sales USD company: Sales (Turnover) in millions of USD, annual rate.

CO2e values and sales:

• Emissions and sales values for equities is sourced from MSCI.
• Emissions/sales values for bonds is sourced from ISS ESG.
• Direct cash in banks is assigned the carbon intensity of the equity side of the bank. Payables and receivables are assumed to have zero carbon intensity, including effect of see-through items.
• For sovereigns (countries) sales is replaced by GDP.

3.1.2 Managing climate-related risks

Climate change brings material long-term risks and opportunities to the companies we invest in – including transition risks, physical risks and litigation risks. NAM uses various data to manage and assess climate risk, identify the most exposed sectors and guide our active ownership activities.

Through the corporate and sovereign issuers that we invest in, we have exposure to several types of risks related to climate change and climate transitions. As is best practice, we generally categorise these into three types of transition risks:

• **Policy risks:**
these are the risks stemming from global policy initiatives aimed at curbing global greenhouse gases in an effort to limit the global temperature rise. If the issuers are not prepared to transition to low-carbon economy, they might end up being more exposed to risks of not complying with new policies.

• **Technological risks:**
this represents the technological advancements that are increasingly shifting the supply/demand curves of incumbent, higher carbon emitting, technologies which represent investment opportunities on the one hand, and investment risks on the other hand.

• **Physical risks:**
these are the risks facing companies from extreme weather events, rising sea levels, prolonged periods of droughts and rainfall, etc.

These risks materialize in different ways, but as a reference, one of the most tangible impacts is through increasing insurance premiums according to our current understanding. The most extreme manifestation is companies not being able to insure parts of their business activities and two types of physical risks (acute and chronic) and recognize that both physical and transition risks exist on a continuum of possible scenarios where there is no realistic outcome in which both risk categories are low. In an aggressive low-carbon

transition scenario, we find that physical risks are significantly mitigated but especially policy risks can be both high and abrupt in nature. In a business-as-usual scenario, policy risks are less pronounced but the effect of global warming translate into adverse physical events that can significantly damage the value of our investments, and in particular the ability of companies to insure against adverse events. For a given investment strategy, the exact magnitude and materiality of each type of risk varies greatly depending on geography, policy jurisdiction, sector and asset class. Additionally, there is uncertainty in our quantification of these risks, related to questions of data quality and availability, complexity of models transition scenarios, as well as the financial implications of these. Yet, as we explore and address these uncertainties, it is clear that our exposure to these risks is perceptible across all our investment strategies and within our investment horizons.

To date, we have implemented measures to limit our exposure to highly carbon-intensive sectors without meaningful prospects for transformation, by setting strict thresholds for coal and unconventional oil extraction across all our portfolios.

It is clear that the low-carbon transition translates not only into risks but also into investment opportunities, and particularly technology-oriented opportunities for companies that provide innovative products and services that will aid the transition to a low-carbon and high-efficiency future. Contributions to the Sustainable Development Goals[1] of this kind are positively recognized in our ESG assessment.

We actively use and explore a range of data to manage and assess climate risks, identify the most exposed issuers, and guide our active ownership activities. Generally, the available climate data provide us with estimates of issuers' exposure to climate risk (transition and physical), and to a lesser extent also the quality of their management of these risks.

There is still much room for improvement regarding the quality of carbon-related data and we engage with companies in order to improve disclosure practices in relation to this data.

1) The 17 Sustainable Development Goals adopted by all UN member states in 2015. https://sdgs.un.org/goals

Our recent climate-related research is focused on the development of stronger frameworks for assessing and quantifying our investments' exposure to climate-related topics, scrutinizing how companies' future strategies stand up to the commitments under the Paris Agreement, and using this to engage with our investee companies. An important element of these efforts is our work towards the integration of the EU Taxonomy and TCFD recommendations on climate-related topics into our investment processes and reporting.

3.2 Active Ownership

Eric Pedersen, Head of RI, talking to the Major of Brumadinho after the disastrous collapse of Vale's tailing dam.

Active ownership is a central component of our corporate-wide RI overlays, and of paramount importance to us. We believe this is a powerful tool for protecting shareholder value, enhance long-term returns and foster positive change. Our active ownership activities consists of engaging with companies and exercising the formal voting rights. We aim to encourage the companies to improve their management of material ESG and climate aspects.

3.2.1 Engagement

Climate is an important focus area for our engagement activities. We view this as both part of our fiduciary duty and a means by which we can help meet the goals of the Paris Agreement. Our engagement activities entail constructive dialogues with companies through face-to-face meetings, conference calls, letters or even field visits. As such, it provides an opportunity to improve our understanding of companies that we invest in as well as the ability to influence them.

By engaging individually or collaboratively with other investors, we promote better corporate governance, risk management, performance or disclosure standards on a wide range of ESG-related issues.

Our engagements generally fall into one of three categories:

1. Norms- and incident-based engagement: engaging with companies breaching the international norms or conventions or companies having ESG related incidents.

2. Risk based engagement: engaging with companies on their material ESG risks.

3. Thematic engagement: engaging on specific focus themes such as climate change, water, biodiversity, human rights, and good governance.

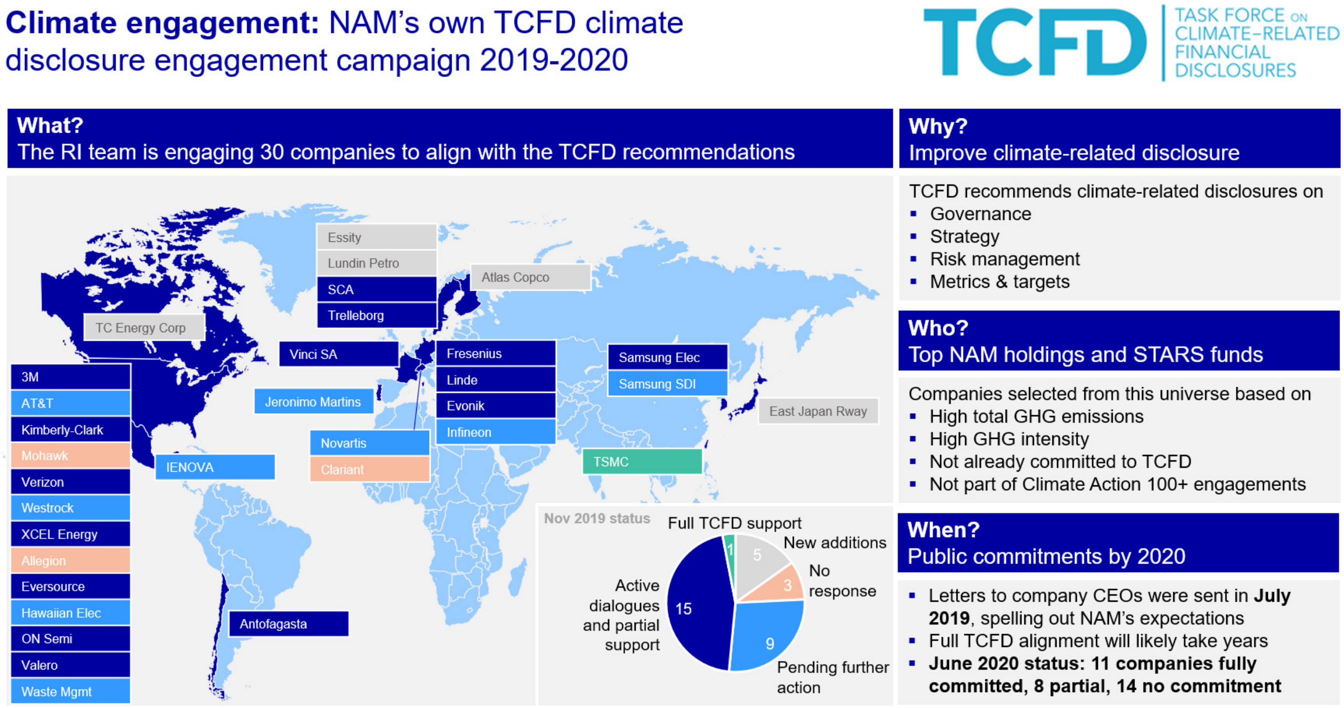
Already today we are engaging on and analysing companies' extent of alignment with the Paris Agreement and their commitments and strategies for reducing GHG emissions. We are continuously working to push the frontier for what an emissions-reducing investment strategy with a demonstrable effect in the real economy can look like.

We believe that companies that align their strategies with the SDGs and the Paris Agreement will be successful in the long term, because they are adjusting to global society's future needs. Therefore, we have identified four thematic focus areas – closely aligned with the SDGs - for our engagement and active ownership activities:

- Climate change
- Good governance
- Human rights
- Water
- Biodiversity

Arvinder Tiwana, Senior ESG Analyst, checking the destroyed landscape after a tailing dam collapsed in Brumadinho, MG, Brazil.

We are part of the Climate Action 100+ investor engagement initiative, which is addressing climate change with 161 companies, including the world's largest emitters of greenhouse gases. The goal is for these companies to reduce their emissions, improve their climate-related disclosure, have clear Board accountability and oversight of the climate-related matters and ultimately reconsider their capital expenditures plans from a climate perspective. We have increased our involvement and co-leading in three companies and supporting several of the other company engagements.



We also engaged independently with 33 companies during 2019-2020 to enhance two central components of a climate-resilient business strategy: their climate reporting and climate risk management. In dialogues with these companies, we have highlighted their most important shortfalls against the TCFD recommendations, especially the need for greater clarification of companies' exposure to climate risk scenarios and the associated financial impacts.

3.2.2 Petrobras: engagement example on climate change

Petrobras is a partly state-owned Brazilian petroleum company, and one of the largest oil and gas extraction companies in the world. A sound strategy for a transition to low-carbon energy would allow Petrobras to play a key role in achieving the goals of the Paris Agreement.

Representing more than 500 investors in the Climate Action 100+ coalition, NAM has led the engagement with Petrobras since 2017 to communicate what steps we believe they need to take going forward. As with all other Climate Action 100+ engagements, the dialogue has been centred on our expectation on Petrobras to take action to reduce their emissions in line with the Paris Agreement's objectives, strengthen their governance around climate risks and opportunities, and become more transparent in their climate reporting and risk management.

During 2020, we reached a milestone with the company when they significantly enhanced their climate reporting, and announced their support for TCFD. This will enable stakeholders to better assess the company's commitment to the clean energy transition.

Going forward, our expectation on Petrobras is to work more actively to curb emissions. The company has set emissions-intensity targets for parts of its value chain, but these are not sufficiently aligned with the Paris Agreement. In our ongoing dialogue with the company, we continue to recommend improvements to the company's target-setting, including using an approach that benchmarks their performance against the Paris Agreement.

3.2.3 Voting

Our active ownership efforts include also voting on our holdings, attending Annual General Meetings (AGMs) and representation on nomination committees.

Climate aspects are taken into account through case by case assessment of shareholder ESG proposals. This assessment analyses the relevance and adequacy of the requests i.e. whether approval of the resolution supports better practices or shareholder value, whether the company's current stance on the topic is likely to have negative effects in terms of litigation and reputational damage and whether the company has already put appropriate action in place to respond to the issue contained in the resolution.

Generally, our line is to support proposals aiming to protect and enhance long term shareholder value, to improve transparency on material ESG issues and to address material ESG risks. On proposals that require companies to disclose climate-related information about its governance, strategy, risk management and targets, our view will generally be positive. Our voting power will be used in cases where a company fails to appropriately manage or mitigate ESG risks or when there is a lack of sustainability reporting in the company's public documents. Another component of how we may exercise shareholder rights is filing and co-filing of shareholder resolutions to put ESG issues to the vote at an annual or extraordinary general meeting. We are also looking into how we can use voting even more to target laggards in the transition to the Paris agreement.

We see that company dialogue around ESG issues is important. It might be deemed necessary to start a dialogue with companies before the voting season in relation to material ESG risks and opportunities, and then continue with a more in-depth engagement to achieve a required change in corporate governance.

3.3 Divestment and Mitigation

Divestment is one of the five pillars in our climate strategy, and while engagement remains as our preferred approach, we have made a corporate-level decision to exclude certain stocks, sectors, and practices across our entire fund range.

Since 2015, we have had strict exclusion criteria for coal mining across all our portfolios, and this was expanded to cover also oil sands in 2019. All our funds refrain from investing in companies with large and sustained exposure to coal mining, with a 10% revenue threshold on thermal coal and a 30% revenue threshold on total coal (including metallurgical coal). Similarly we do not invest in companies with large and sustained exposure to extraction from oil sands, applying a revenue threshold of 10%.

Exploration and extraction of fossil fuels involves the risk of potential negative environmental and social impact. Nordea expects investee companies to meet high standards with regards to the management of such risks.

We are taking active measures to reduce our exposure to highly carbon-intensive sectors without meaningful prospects for a sustainable transition. The RI team regularly conducts analyses to highlight NAM's exposure to sectors and companies with high climate risk, and produces recommendations to the RIC to divest from or engage with highly carbon-intensive companies that fail to show signs of transformation.

NAM's corporate wide ESG positions

Exclusions:

- **Controversial weapons**
- **Thermal coal** (10% revenue threshold)
- **Coal** (30% revenue threshold on total coal)
- **Oil Sands** (10% revenue threshold)

Enhanced due diligence on:

- Climate change
- Companies with business operations in conflict areas
- Corruption
- Government sanctions
- Human Rights
- Palm oil
- Soft commodities
- Water

3.4 Product development

In addition to our corporate level exclusions and efforts, we do enhanced screening for our sustainable fund selection. Devising new strategies to increase investment in climate solutions and companies that undertake real-world decarbonization is a core part of our climate strategy.

Being an early mover in addressing the climate megatrend in our products, we launched the **Global Climate and Environment strategy** already back in 2008. The strategy focuses on investing in companies with products and services that drive the sustainable transition. Climate impact and risk management has been part of the strategy's ESG analysis since its inception, and we apply it to all of our sustainable investment strategies.

The ESG STARS concept was developed as an approach to integrate traditional financial analysis with ESG analysis including engagement and shareholder action. Our aim and ambition is to deliver Returns with Responsibility, and we truly believe that the ESG analysis becomes value-adding to the overall investment analysis as it provides an extra layer of information that improves our knowledge at the company level. It aims to enhance our risk-adjusted returns and management of reputational risks.

In September 2020, we enhanced the climate risk profile for all of NAM's sustainable strategies, by implementing a new approach to fossil fuel divestment which we call the Paris-Aligned Fossil Fuel (PAFF) policy. The PAFF policy prohibits investments in fossil fuel companies that are not transitioning in line with the climate objectives of the Paris Agreement, while still enabling investments in companies that are leading the transition out of fossil fuels.

3.5 Policy Support

Our clear commitment is to align our investment strategies with the Paris Agreement and reduce our exposure to climate risk. This commitment is underpinned by our support for climate policies that help deliver on the Paris Agreement's objectives, as well as our involvement in various industry initiatives that promote the same agenda.

In 2019, we joined the Collective Commitment to Climate Action, scaling up our ambition to align all the Nordea Group's business strategies with the Paris Agreement. We have signed the Montreal Carbon Pledge, stating our commitment to measuring and publicly disclosing the carbon footprint of investment portfolios on an annual basis. Our carbon reporting is aligned with the recommendations from TCFD and the Partnership for Carbon Accounting Financials (PCAF). We have supported the TCFD recommendations since their inception in 2017, and have made TCFD implementation a core part of our engagement strategy. We joined the United Nations Environment Programme Finance Initiative (UNEPFI) pilot group in 2018 to address the need for analytical tools and indicators to report on the risks and opportunities presented by climate change.

We are part of the Institutional Investor Group on Climate Change (IIGCC), which is a leading global investor membership body and the largest one focusing specifically on climate change. During 2020, we participated in IIGCC' Paris Aligned Investment Initiative, which in September 2020 published a blueprint for how investors can set climate targets that support the Paris Agreement. Our continued work with setting climate targets for the future are anchored in this framework.

In 2020, we also became a supporter of the Transition Pathway Initiative (TPI) and committed to using their climate analysis in our investment strategies. TPI uses a scenario-based approach to assess high-emitting companies' climate targets and strategies.

Some of the climate related investor initiatives we are taking part in:

- Carbon Disclosure Project (CDP)
- Climate Action 100+
- Extractive Industries Transparency Initiative (EITI)
- Institutional Investors Group on Climate Change (IIGCC)
- Montreal Carbon Pledge
- Principles for Responsible Investments (PRI)
- SASB's Investor Advisory Group
- United Nations Environment Programme – Finance Initiative
- Investor statement on deforestation and forest fires in the Amazon

We are actively taking part in the discussions around responsible investment and climate change, and keep promoting the best practices. We believe that the growing collaboration across the financial industry will be essential for the further development of best practices to manage the complex issue of the financial implications of climate change.

The field of climate-related financial risk management is still nascent and new methodologies are actively being developed and tested, but the hour is late and concerted efforts by leading responsible investors hold the greatest promise for delivering timely results. This is why we emphasize the importance of industry initiatives such as Climate Action 100+, the Task Force on Climate-Related Financial Disclosures (TCFD) and the UN Principles for Responsible Investments (PRI), which allow financial institutions to collaborate in the mitigation of stranded asset risk and other transition risks. Crucially, the ability of the financial industry to make concerted efforts for decarbonization will also improve with better disclosures and more comprehensive regulatory strategies.

Yet, the commitments to low-carbon initiatives and the uptake of climate-related best practices among financial institutions is far from widespread enough. We believe the industry is currently in a phase where climate leaders are starting to separate themselves from the laggards. Without a significant shift in market preferences and global regulation, it is unlikely that this gap will be closed soon enough.

3.5.1 Evolving in line with the TCFD recommendations

The Financial Stability Board, an international body that monitors and makes recommendations about the global financial system, set up the TCFD to help companies meet higher reporting standards. In 2017, the TCFD published its recommendations for enhancing the quality and usefulness of climate-related reporting. We believe this improvement is crucial to enable investors to properly manage climate risks and opportunities within their portfolios. As of September 2020, over 1,440 global organizations, including Nordea, support the TCFD.

We welcome ESG-related standardisation and frameworks such as the TCFD recommendations. While we are encouraging the companies we invest in to align with the TCFD recommendations, we are also aligning our own business to them.

"**Nordea supports the TCFD recommendations** since we firmly believe that climate change risk disclosure is key in order to strengthen the stability of the financial system

Nils Bolmstrand, CEO, Nordea Asset Management

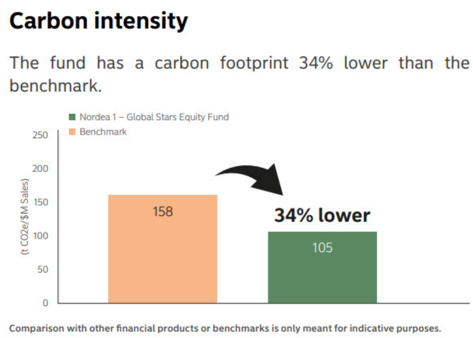
4.Reporting

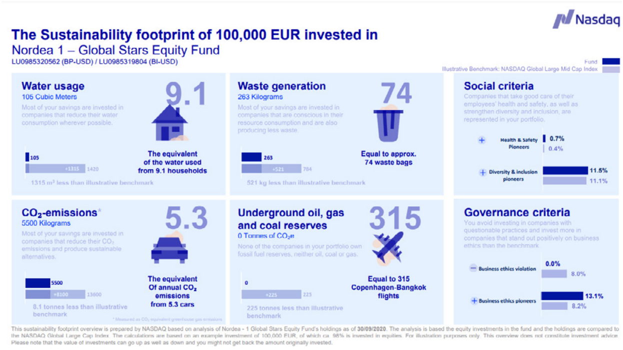
We support the TCFD recommendations because we believe that disclosure related to climate change risk and opportunity is key to enabling management of these. We will continue to promote increased transparency and the development of tools and methods to manage climate-related risks as well as to contribute to best practice in the industry.

At Nordea, we commit to measuring and reporting the climate impact of the funds we manage on behalf of our clients and assessing and managing climate-related risks with respect to our investment. We are encouraging our portfolio companies to evaluate their business challenges and opportunities related to GHG emissions, as well as climate risks related to their business operations, products and services. We also encourage them to improve their climate related disclosures. Nordea is committed to conducting business responsibly and to integrating ESG criteria into the investment decision-making process.

We are currently reporting on our climate approach and actions in the Annual Responsible Investments Report and through the PRI reporting framework. To take a step further we have decided to publish a standalone TCFD aligned climate reporting in early 2021.

On a portfolio level, we are already publishing our funds' carbon footprint, and other climate and environment related KPIs. Please see the quarterly impact reports and sustainability & engagement reports on our website.





5. Next steps on climate change

We are continuously looking into ways of enhancing our current product of-fering and launching new products that support sustainable development. Recognizing that climate change will pose risks as well as opportunities for us and our clients, we will continue assessing, managing and reporting climate-related factors with respect to our investments. We will continue engaging with companies to support TCFD recommendations and have increased our engagements within Climate Action 100+.

As the next step in our journey of implementing the TCFD recommendations, we will continue to enhance our tools for better identifying and valuing cli-mate risks in the short, medium and long term. This will enable further inte-gration of climate-related aspects into our risk management and product de-velopment. We are also working on improving our own climate reporting and aligning it with the recommendations from widely accepted frameworks such as TCFD and SASB.

Our ambition is to align our portfolios gradually with the Paris Agreement targets. This means we are dedicated to improving our climate work also in the future – after all, climate change is not going anywhere in the near future.

6. Appendix

Links to useful documents:

- Sustainability Report 2019
- Nordea Group's position statements and sector guidelines:
  - Nordea Position Statement on Climate Change
  - Nordea Sector Guideline for the Agricultural Industry
  - Nordea Sector Guideline for the Forestry Industry
  - Nordea Sector Guideline for the Fossil Fuels Industry
  - Nordea Sector Guideline for the Mining Industry
- RI Annual Report 2019
- RI Policy
- NAM Fossil fuel policy for sustainable funds
- Sensitive Industries Guidelines for STARS funds:
  - Equity
  - Fixed Income