

31.01.2020

**European SRI Transparency Code**

The European SRI Transparency Code (the Code) focuses on SRI funds distributed publicly in Europe and is designed to cover a range of assets classes, such as equity and fixed income.

All information pertaining to the European SRI Transparency Code can be found at the following website: [www.eurosif.org](http://www.eurosif.org). The Code comes with a Guidance Manual for fund managers on how to best use and respond to the Code. The present version of the Code was approved by the Board of Eurosif in **October 2019**.

**REVISION OF THE CODE**

In 2017 the Code was updated to better reflect the continuing evolution of the European SRI market. A Working Group was set up to facilitate revision of the Code in line with the latest developments in the industry and in view of the latest work carried out by experts at the European and global level.

Applications to sign up to the Code will now be in line with key elements of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), Article 173 of the French TECV Act and the latest recommendations made by the High-Level Group of Experts on Sustainable Finance (HLEG) in its final report published in January 2018. Questions that are specifically designed to reflect those recommendations/legislation are indicated in the Code with footnotes.

**TWO KEY MOTIVATIONS UNDERPIN THIS CODE**

1. The opportunity for retail SRI funds to provide clarification to investors and other stakeholders about their SRI approach in an easily accessible and comparable format.
2. Proactive strengthening of self-regulation to contribute to the development and promotion of SRI funds by setting up a common framework for transparency best practices.

**GUIDING PRINCIPLE**

Signatories to the Code should be open and honest and should disclose accurate, adequate and timely information to enable stakeholders, especially consumers, to understand the ESG policies and practices of the fund.

**COMMITMENTS BY SIGNATORIES**

- The order and exact wording of the questions should be followed;
- Responses should be informative and clear, and the resources and methodologies used should be described in as much detail and as precisely as possible;
- Funds should report data in the currency that they use for other reporting purposes;
- Reasons preventing the fund from providing all or part of the information to a given question should be clearly stated and, in such cases, signatories should state when they will be able to answer the question;
- Responses should be updated at least on an annual basis and should have a precise publication date;
- Responses to the Code should be easily accessible from the website of the fund and/or of the fund manager. In any case, signatories should make it clear where to find the information required by the Code;

- Signatories are solely responsible for the answers to the questions and should state this in their response.

### **Statement of Commitment**

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of Nordea Asset Management. We have been involved in SRI since 2007 and welcome the European SRI Transparency Code.

This is our first statement of commitment for the Fixed Income STARS range and covers the period 31.01.2020 to 31.01.2021. Our full response to the European SRI Transparency Code can be accessed below and is publicly available on the EUROSIF website ([www.eurosif.org](http://www.eurosif.org)).

### **Compliance with the Transparency Code**

Nordea Asset management is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. Nordea Asset Management meets the full recommendations of the European SRI Transparency Code *without exceptions*.

**DATE: 31.01.2020**

### **Eurosif classification of Sustainable and Responsible Investment<sup>1</sup> strategies**

**Sustainability Themed Investment:** investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG. Sustainability Themed Investments inherently contribute to addressing social and/or environmental challenges, such as climate change, eco-efficiency and health. Funds are required to perform an ESG analysis or screening of investments in order to come under this category.

**Best-in-Class Investment Selection:** approach according to which leading or best-performing investments within a universe, category or class are selected or weighted based on ESG criteria. This approach involves the selection or weighting of the best-performing or most improved companies or assets as identified by ESG analysis within a defined investment universe. This approach includes best-in-class, best-in-universe and best-effort.

**Norms-Based Screening:** screening of investments according to their compliance with international standards and norms. This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies, such as the United Nations (UN).

**Exclusion of Holdings from Investment Universe:** an approach that excludes specific investments or classes of investment from the investible universe, such as companies, sectors or countries.

This approach systematically excludes companies, sectors or countries from the permissible investment universe if they are involved in certain activities based on specific criteria. Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be imposed at the individual fund or mandate level, but also increasingly at the asset manager or asset owner level,

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<sup>1</sup> Sustainable and responsible investment ("SRI") is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long-term returns for investors and to benefit society by influencing the behaviour of companies. Ref. Eurosif 2016

across the entire product range of assets. This approach is also referred to as ethical or values-based exclusion, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

**Integration of ESG Factors into Financial Analysis:** the explicit inclusion by asset managers of ESG risks and opportunities in traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This category covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

**Engagement and Voting on Sustainability Matters:** engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process that seeks to influence behaviour or increase disclosure. Engagement and voting on corporate governance are necessary but are not sufficient in themselves for inclusion in this category.

**Impact Investing:** impact Investments are investments in companies, organisations and funds with the intention of generating a social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market-to-market rate, depending upon the circumstances<sup>2</sup>. Investments are often project-specific and distinct from philanthropy, as the investor retains ownership of the asset and expects a positive financial return. Impact investing includes microfinance, community investing, social business/entrepreneurship funds and French *fonds solidaires*.

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<sup>2</sup> Global Impact Investing Network (GIIN), "What is Impact Investing?", <http://www.thegiin.org/cgi-bin/iowa/investing/index.html>, 2012

**1. List of funds covered by the Code**

**Name of the fund(s):**

**Nordea 1 – Emerging Stars Bond Fund – Emerging markets bonds, primarily sovereign debt**

ISIN Codes: LU1915689829 (BI USD), LU1915689316 (BP USD)

Fund launch date: 17/01/2019

**Nordea 1 – European Corporate Stars Bond Fund – European corporate bonds**

ISIN Codes: LU1927797586 (BI EUR), LU1927797156 (BP USD)

Fund launch date: 10/01/2019

**Nordea 1 – European High Yield Stars Bond Fund – European high yield bonds**

ISIN Codes: LU1927799012 (BI EUR), LU1927798717 (BP USD)

Fund launch date: 15/01/2019

Dominant/preferred SRI strategy (Please choose a maximum of 2 strategies)	Asset class	Exclusions standards and norms	Fund capital as at 30 June 2019 as per unaudited Semi-annual Report	Other labels	Links to relevant documents
<input type="checkbox"/> Best-in-Class Investment section <input type="checkbox"/> Engagement & Voting <input checked="" type="checkbox"/> <b>ESG Integration for STARS funds</b> <input type="checkbox"/> Exclusions <input type="checkbox"/> Impact Investing <input type="checkbox"/> Norms-Based Screening <input checked="" type="checkbox"/> Leading to exclusions <input checked="" type="checkbox"/> Leading to risk management analysis/engagement <input type="checkbox"/> Sustainability Themed	<p><b>Passively managed</b></p> <input type="checkbox"/> Passive investing – core benchmark: specify the index tracking <input type="checkbox"/> Passive investing –ESG/SRI benchmark: specify the index tracking <p><b>Actively managed</b></p> <input type="checkbox"/> Shares in a euro area country <input type="checkbox"/> Shares in an EU country <input type="checkbox"/> International shares <input checked="" type="checkbox"/> <b>Bonds and other debt securities denominated in euro</b> <input checked="" type="checkbox"/> <b>International bonds and other debt securities</b> <input type="checkbox"/> Monetary assets <input type="checkbox"/> Short-term monetary assets <input type="checkbox"/> Structured funds	<input checked="" type="checkbox"/> <b>Controversial weapons</b> <input type="checkbox"/> Alcohol <input checked="" type="checkbox"/> <b>Tobacco</b> 5% of revenue <input checked="" type="checkbox"/> <b>Arms</b> 5% of revenue from weapons or tailor-made components. <input checked="" type="checkbox"/> <b>Nuclear power</b> We aim to limit the exposure to utilities companies with the majority of energy production from nuclear due to the high ESG risks. <input checked="" type="checkbox"/> <b>Human rights</b> <input checked="" type="checkbox"/> <b>Labour rights</b> <input type="checkbox"/> Gambling <input type="checkbox"/> Pornography <input type="checkbox"/> Animal testing <input type="checkbox"/> Conflict minerals <input type="checkbox"/> Biodiversity <input type="checkbox"/> Deforestation <input type="checkbox"/> CO2 intensive (including coal) <input type="checkbox"/> Genetic engineering <input type="checkbox"/> Other (please specify) <input checked="" type="checkbox"/> <b>Global Compact</b> <input checked="" type="checkbox"/> <b>OECD Guidelines for MNCs</b> <input checked="" type="checkbox"/> <b>ILO Conventions</b> <input type="checkbox"/> Other (please specify)	<ul style="list-style-type: none"> <li>• <b>Nordea 1 – Emerging Stars Bond Fund: USD 121,536,841</b></li> <li>• <b>Nordea 1 – European Corporate Stars Bond Fund: EUR 174,922,331</b></li> <li>• <b>Nordea 1 – European High Yield Stars Bond Fund: EUR 52,387,542</b></li> </ul>	<input type="checkbox"/> French SRI label <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag Label <input type="checkbox"/> FNG Label <input type="checkbox"/> Austrian Ecolabel <input type="checkbox"/> Other (please specify)	<p>- KIID - Prospectus - Management report - Financial and non-financial reporting - Corporate presentations - <b>Other (please specify)</b></p> <p><b>All of the above listed documents can be accessed via the below link:</b>  <a href="https://www.nordea.lu/en/professional/funds/">https://www.nordea.lu/en/professional/funds/</a></p>

## **2. General information about the fund management company**

### **2.1. Name of the fund management company that manages the applicant fund(s)**

Nordea Asset Management (“NAM”) is an organisational division of Nordea Bank AB and consists of two legal companies including Nordea Investment Management AB (“NIM AB”) and Nordea Investment Funds S.A. (“NIF SA”, the Management Company of the Nordea 1, SICAV). NIF SA has appointed NIM AB as Investment Manager of the Nordea 1, SICAV sub-funds

Website:

<https://www.nordea.lu/en/professional/>

Contact email:

[clientservice.benelux@nordea.com](mailto:clientservice.benelux@nordea.com)

Address:

[Nordea Investment Funds S.A.](#)

[562, rue de Neudorf](#)

[P.O. Box 782](#)

[L-2017 Luxembourg](#)

### **2.2. What are the company’s track record and principles when it comes to integrating SRI into its processes?**

In 2011, Nordea Asset Management launched the first “STARS” product, focussing on Emerging Markets Equities. Since then NAM has expanded this product range to include investment solutions targeting Global, European, North American and Nordic equity markets, and more recently, various fixed income markets (Emerging markets bonds, European corporate bonds and European high yield bonds).

The STARS range is a product category with a distinct investment concept combining in-depth ESG integration with Nordea’s “best-in-class” approach and extensive engagement with companies.

The concept not only aims at delivering sustainable alpha, therefore beating the benchmark, but it also enables investors to effect positive ESG change. The extensive engagement activities conducted within the STARS products, covering various ESG topics, are a way to create impact.

We engage with companies, sovereign bond issuers and other stakeholders including policymakers on different themes individually or through collaborative initiatives with global reach and supported by a large number of investors. This can take the form of meetings, field trips or dialogues with companies.

On a general note, we attended more than 100 Annual General Meetings in the Nordics during 2019 and voted on over 500 AGM/EGMs (Annual General Meetings/Extraordinary General Meetings) on thousands of proposals. As before, we engage with companies on a range of topics, including ESG issues, remuneration programmes and capital structure. We continue to strive for transparency in our voting activities and publish our voting record online. Our Voting Portal shows our voting activities since 2017.

We aim to vote on 100% of the holdings in the STARS portfolios. We engage with all STARS holdings as it is part of our investment philosophy. We report on the outcome of our corporate engagements in the equity funds' quarterly reports.

In 2019, Nordea held a total of 156 engagement meetings. Around 87% were for our ESG research and analysis. The incident and norms engagements account for approximately 13% of our meetings.

Nordea has a large RI Team that carries our ESG research and analysis. Through a proprietary internal ESG database, ESG analytics and data are shared across all internal investment teams. In addition, all our internal investment boutiques have access to the MSCI ESG data and scoring system (since 2013), which serves as an additional resource in the idea generation phase. By having access to these sources of information, portfolio managers have the possibility to better evaluate ESG risks, hence avoiding unwanted risks in their portfolios.

NAM's Responsible Investment site can be found here:

<https://www.nordea.lu/en/professional/responsible-investing/>

### **2.3. How does the company formalise its sustainable investment process?**

Nordea Asset Management's (NAM's) mission is to create returns with responsibility through operational excellence, risk-adjusted returns and by being ESG-proactive. By ESG-proactive we mean the integration of environmental, social and governance (ESG) issues into our investment processes and product development.

NAM has developed its policies, procedures and investment products to ensure that the companies we are invested in meet our expectations of sound ESG performance.

The Responsible Investment strategy and activities are overseen by the Responsible Investment Committee (RIC). The RIC includes members from the Senior Executive Management team and is chaired by NAM's CEO.

Link to NAM's sustainable investment policy:

[https://www.nordea.lu/documents/responsible-investments---policy/RI-PL\\_eng\\_INT.pdf/](https://www.nordea.lu/documents/responsible-investments---policy/RI-PL_eng_INT.pdf/)

Read more about our commitments and policies:

<https://www.nordea.com/en/sustainability/commitments-and-policies/>

Link to the voting rights policy:

[https://vds.issgovernance.com/repo/7247/policies/Corporate\\_Governance\\_Principles\\_2019.pdf](https://vds.issgovernance.com/repo/7247/policies/Corporate_Governance_Principles_2019.pdf)

Link to our voting portal:

<https://vds.issgovernance.com/vds/#/NzI0Nw==/>

Link to the engagement policy<sup>3</sup>:

[https://www.nordea.lu/en/professional/documents/engagement-policy/EP\\_eng\\_INT.pdf/](https://www.nordea.lu/en/professional/documents/engagement-policy/EP_eng_INT.pdf/)

Read more about our engagements:

<https://www.nordea.com/en/sustainability/sustainable-business/investments/active-ownership-and-engagements/#tab=Engagement-updates>

#### **2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?<sup>4</sup>**

##### **Investing sustainably: active ownership and engagement**

As shareholders, we can choose to help companies improve the management of their environmental, social and governance risks. We believe that clearly informing the companies in which we invest what we expect of their ESG performance is the best way to help them improve. The two main ways we achieve this is through active ownership and engagement.

##### **Proprietary research**

Environmental, social and governance issues are an increasing source of risk and opportunity, which is the main reason for integrating ESG into our investment analysis methodology. Our proprietary research seeks to identify stakeholder risks at company level, which can be related both to the business model and to how the company manages its material ESG risks and opportunities. ESG data is used to support and to understand how companies are positioned to manage longer-term risks and opportunities.

##### **Integration**

We recognise that integration of material ESG issues is a part of our fiduciary duty towards clients and beneficiaries. By integrating ESG issues, we ensure that investment decisions are based on comprehensive information and, by combining financial performance with ESG insight, we strive to offer clients sustainable solutions. ESG data is made available to portfolio managers and analysts and we continuously work to develop ways to ensure that ESG analysis adds value in the investment decision-making process.

##### **International collaboration**

We seek to encourage best practices through participation in international initiatives and collaborate with other investors to achieve our goals. Nordea is a signatory to the PRI as well as CDP. We are also members of IIGCC. Read more about our commitments [here](#).

##### **Positioning**

We set clear expectations on corporate ESG management and performance in our investments and ownership activities and communicate these expectations to the companies we are invested in and to other stakeholders. As a responsible investor we expect that

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<sup>3</sup> Reference to Article 173 of the French TECV Act and the HLEG recommendations on INVESTOR DUTIES

<sup>4</sup> Reference to Article 173 of the French TECV Act and the TCFD recommendations (risks and opportunities section)



invested companies operate in line with our commitment to the PRI and in observance of laws and regulations, international humanitarian law and international conventions, as well as standards for sound environmental, social and governance performance. We have clearly defined positions that are important for us in terms of fulfilling our own requirements for being a responsible investor. The positions are related to both exclusions and focus areas, which we see as important to support the development of a sustainable economy and future.

### **Climate Change**

On 30<sup>th</sup> November 2017, Nordea launched its position statement on climate change. This position statement sets out the scope and principles of Nordea's climate change agenda. Therein, we take into account the nature of our business, whereby investments, credits and purchases can have both a local and global impact.

This can be accessed here:

[https://www.nordea.com/Images/33-235388/Nordea\\_Position\\_Statement\\_Climate\\_Change.pdf](https://www.nordea.com/Images/33-235388/Nordea_Position_Statement_Climate_Change.pdf)

## **2.5. How many employees are directly involved in the company's sustainable investment activity?**

The internal Responsible Investments (RI) team of NAM is directly involved in the STARS funds to integrate ESG into its investment process. The team is comprised of 16 experienced professionals (including the Corporate Governance & Voting Team). The team works together from offices in Stockholm and Copenhagen. Each team member has a specific area of responsibility, and the team carries out its various functions in four clusters:

- Active Ownership
- ESG Research
- ESG Quant
- Private Equity

## 2.6. Is the company involved in any RI initiatives?

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility <input type="checkbox"/> EFAMA RI WG <input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance <input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility <input type="checkbox"/> National Asset Manager Association (RI Group) <input checked="" type="checkbox"/> <b>PRI - Principles for Responsible Investment</b> <input checked="" type="checkbox"/> <b>SIFs - Sustainable Investment Fora</b> <input checked="" type="checkbox"/> Other (please specify) <b>-ICGN Global Stewardship Principles</b> <b>- Sustainable Stock Exchanges' Initiative</b>	<input checked="" type="checkbox"/> <b>CDP – Carbon Disclosure Project</b> <input type="checkbox"/> Climate Bond Initiative <input type="checkbox"/> Green Bond Principles <input checked="" type="checkbox"/> <b>IIGCC – Institutional Investors Group on Climate Change</b> <input checked="" type="checkbox"/> <b>Montreal Carbon pledge</b> <input checked="" type="checkbox"/> <b>Paris Pledge for Action</b> <input type="checkbox"/> Portfolio Decarbonization Coalition <input checked="" type="checkbox"/> Other (please specify) <b>-SASB</b> <b>-TCFD</b> <b>-CA100+</b> <b>-Transition Pathway Initiative</b> <b>-FAIRR</b> <b>-Extractive Industries Transparency Initiative</b>	<input checked="" type="checkbox"/> <b>Access to Medicine Foundation</b> <input type="checkbox"/> Access to Nutrition Foundation <input type="checkbox"/> Accord on Fire and Building Safety in Bangladesh <input checked="" type="checkbox"/> Other (please specify) <b>-Corporate Human Rights Benchmark</b> <b>- Investor Mining and Tailings Safety Initiative</b> <b>-Antimicrobial Resistance Benchmark</b>	<input checked="" type="checkbox"/> <b>ICGN – International Corporate Governance Network</b> <input checked="" type="checkbox"/> <b>Other (please specify)</b> <b>- UNEP FI – Principles for Responsible Banking</b> <b>-PRI Tax advisory working group</b> <b>-PRI Fixed Income Advisory Committee</b> <b>-PRI Bondholder Engagement Working Group</b> <b>-Emerging Markets Investor Alliance</b>

As a responsible asset manager, we want to invest in companies that operate in line with our commitment to the UNPRI and deliver long-term value. Acting responsibly is a prerequisite for a company to achieve long-term good returns. We define responsibly as observance of existing laws and regulations, relevant rules and international conventions.

Furthermore, a responsible company addresses environmental, social and governance risks, as well as identifies and capitalizes on opportunities within these areas. As the largest asset manager in the Nordic region we seek to encourage best practice through constructive and credible dialogue with companies.

Nordea has joined a number of investor initiatives, please see below a few examples:

### **United Nations Environment Programme Finance Initiative (UNEP FI) – Principles for Responsible Banking**

In November 2018, Nordea became one of the founding organizations of the UNEP FI Principles for Responsible Banking. Together with the co-founders, we believe that the future of banking will be shaped with 6 principles; Alignment, Impact, Clients & Customers, Stakeholders, Governance & Target Setting, and Transparency & Accountability. These principles create a framework for sustainable banking and help the industry to demonstrate its positive contribution to the society.

<https://www.unepfi.org/banking/bankingprinciples/>

### **The Corporate Human Rights Benchmark (CHRB)**

We are part of the Corporate Human Rights Benchmark which is a collaboration led by investors and civil society organisations dedicated to creating the first open and public benchmark of corporate human rights performance. CHRB has raised the level of awareness of the materiality of human rights and continues to help companies meet investor expectations on human rights. It also enables financial institutions such as Nordea to assess and help clients to ensure they are not linked to human rights abuses and provides an increased level of transparency.

<https://www.corporatebenchmark.org/>

### **Institutional Investors Group on Climate Change (IIGCC)**

We continued to be part of the IIGCC investor initiative on corporate lobbying in an EU climate and energy policy context during 2019. We continued our participation in the collaborative investor engagement on Climate Lobbying with more than 60 investors coordinated by the PRI. The initiative calls for improvements in practice and transparency from investee companies on their climate change lobbying practices.

<https://www.iigcc.org/>

### **Sustainability Accounting Standards Board's Investor Advisory Group (SASB)**

SASB develops sustainability accounting standards that help public corporations disclose material ESG information.

<https://www.sasb.org/>

### **UN Principles for Responsible Investments (PRI)**

As one of the first major banks in the Nordic countries, Nordea Asset Management signed PRI in 2007. The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

<https://www.unpri.org>

### **PRI – collaborative engagement on human rights in the extractive industries**

Nordea has been part of this engagement for several years and over time we have focused on different companies.

<https://www.unpri.org/social-issues/human-rights-and-the-extractives-industry/3425.article>

### **PRI – collaborative engagement on labour practices in agricultural supply chains**

We are part of a collaborative engagement coordinated by the PRI on labour practices in agricultural supply chains. Supply chain labour practices have become a risk for companies with global agricultural supply chains. These include regulatory risks, e.g. the UK Modern Slavery Act, and reputational risk associated with investigations on poor corporate practices

in supply chains with accompanying negative media attention impacting consumer brand perception. The engagement targets 41 global large cap food producers and retailers with high exposure to supply chain labour rights risks.

<https://www.unpri.org/esg-issues/social-issues/employee-relations>

#### **PRI -coordinated Investor Working Group on Sustainable Palm Oil**

We are part of the PRI-coordinated Investor Working Group on Sustainable Palm Oil working with companies across the palm oil value chain, including producers, refiners, traders, consumer goods manufacturers, retailers and banks, to adopt and implement a publicly available No Deforestation, No Peat and No Exploitation (NDPE) policy.

<https://www.unpri.org/news-and-press/fifty-six-investors-sign-statement-on-sustainable-palm-oil/4266.article>

#### **PRI Tax advisory working group**

We are part of the working group which focuses on tax transparency within the pharmaceutical and IT sector. It is a two-year engagement process and we are lead investor on engagement with two companies within the IT sector. During the year 2018, we had an effective dialogue with one of the companies regarding its tax transparency.

<https://www.unpri.org>

#### **PRI Sovereign working group**

The PRI's Sovereign working group has a number of goals, including: to clarify and define ESG integration and engagement, to explore possible approaches to ESG integration and engagement, to identify broad investor trends of ESG integration and engagement, to highlight current examples and case studies of ESG integration and engagement and to publish guidance to help investors implement ESG integration and engagement strategy.

<https://www.unpri.org/signatories/advisory-committees>

#### **PRI – SDGs (Sustainable Development Goals) and active ownership**

In 2017, Nordea joined a new working group within the PRI on SDGs and active ownership. We see this as a highly relevant group given the increased focus, we are currently witnessing in terms of the SDGs in our engagement activities. With the emergence of the SDGs the focus has increasingly shifted towards positive outcomes for society and as a consequence, active ownership activities will increasingly expand their focus on new business opportunities. The working group will focus on SDGs in active ownership and identify the most effective tools and strategies. One of the key issues that need to be addressed is how to measure impact over time.

<https://www.unpri.org>

### **Montreal Carbon Pledge**

An investor pledge to commit to measuring and publicly disclosing the carbon footprint of investment portfolios on an annual basis.

<https://montrealpledge.org/>

### **Emerging Markets Investor Alliance**

We are part of this group, whose purpose is to enable Emerging Markets investors to support good governance and promote sustainable development through engaging together with Sovereign issuers. Within this group, we are part of the Debt and Fiscal Governance working group.

<https://www.eminvestorsalliance.org/>

### **Climate Action 100+**

Nordea Asset Management has joined Climate Action 100+, a collaborative five-year global initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

<http://www.climateaction100.org/>

### **FAIRR**

We've joined the FAIRR's collaborative investor engagement on sustainable proteins which asked a number of global food companies to diversify their protein sources to drive growth, increase profitability, reduce risk exposure, and improve their ability to compete and innovate in a resource-constrained world.

<https://www.fairr.org/>

### **ICGN's Global Stewardship Principles**

The principles provide an international framework for investors to implement their fiduciary obligations on behalf of clients and beneficiaries.

<https://www.icgn.org/>

### **World Water Week**

World Water Week is the annual focal point for the globe's water issues and a forum for scientific, business, and other parties to exchange their views on water-related challenges. For the third time, Nordea co-hosted an event at World Water Week in August 2019 on

antibiotic resistance with SIWI Swedish Water House, UNDP, FAO, Sida, SIANI and SLU.

<https://www.worldwaterweek.org/>

Find more about our initiatives on our website:

<https://www.nordea.com/en/sustainability/commitments-and-policies/>

## **2.7. What is the total number of SRI assets under the company's management?**

As at 31.12.2019, NAM had **€ 65.5 bn** of SRI assets under management, composed of:

- Nordea's STARS/ Best in class strategies (Fixed Income and Equities) € 6 bn
- Thematic Strategies € 2.6 bn
- Funds with additional exclusion filters (excl. STARS and thematic) € 26.1 bn
- Institutional mandates with best in class ratings or exclusion filters € 30.8 bn

The corporate RI "overlays" for all actively managed funds cover € 138 bn of our Assets.

## **3. *General information about the SRI fund(s) that come under the scope of the Code***

### **3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?**

#### **Distinctive features - the STARS funds:**

##### ***Beat the benchmark***

- By integrating ESG analysis with bottom-up fundamental research, we aim to select tomorrow's winners

##### ***Invest in companies living up to ESG standards***

- Our award-winning Responsible Investment team conducts in-depth ESG analysis
- We ensure the funds only invest in assets able to meet our ESG standards (positive screening)

##### ***Create lasting impact***

- We influence and foster change with our companies by engaging in dialogues around specific ESG topics

### **3.2. What internal or external resources are used for ESG evaluation of the issuers who make up the investment universe of the fund(s)?**

In order to facilitate the implementation of Nordea's RI Policy, there is a dedicated Responsible Investments (RI) team which is comprised of 16 experienced professionals (including the Corporate Governance & Voting Team). The team works together from offices in Stockholm and Copenhagen. Each member of the team has a specific area of responsibility and is a product dedicated analyst.

The proprietary ESG research methodology on company level is conducted from two

perspectives. First, companies are assessed based on whether they mitigate risks and capture opportunities in relation to their stakeholders. Second, we assess whether companies position their products or services well in relation to broader sustainability megatrends such as climate change or changing demographics.

We underpin our approach with externally sourced ESG research and ratings. This provides coverage of over 6,000 companies globally both in terms of their practices and tracking controversial issues.

Nordea's Responsible Investments team uses ESG research providers, brokers with specialized sustainability services and non-governmental organizations for its desktop research.

The team is not dependent on any sole provider and any of our partners can be replaced if we feel a better service can be achieved elsewhere. All our investment boutiques have been introduced to the MSCI ESG data and their scoring system.

[MSCI ESG Research](#) uses a best-in-class (AAA), worst-in-class (CCC) approach when they rate companies, i.e. only appropriate when comparing companies within a specific industry. However, they also have an absolute approach called the weighted average score (0-10), which can be used to compare companies across sectors. They also have access to our proprietary ESG research.

All Portfolio Managers and analysts have access to this information via our internal proprietary ESG database, as well as via the MSCI ESG Manager platform.

Some of the other most used partners are:

- [ISS-ESG](#)
- [Sustainalytics](#)
- [RepRisk](#)
- [Maplecroft](#)
- [Bloomberg](#)
- [TrueValue Labs](#)

By having access to these extra sources of information, portfolio managers have the possibility to better evaluate ESG risks, hence avoiding unwanted risks in their portfolios. Material ESG events may occur with low frequency, but they usually have a high impact associated with them from a regulatory, operational and reputational perspective.

Within the evaluation of the company's ESG rating, we are not only taking a risk perspective. As part of our ESG analysis, we continuously assess and evaluate transformative themes and areas which we believe shape the future landscape of investments. Social and technological change as well as climate change and other environmental issues are impacting business models and creating opportunities. Such opportunities can include, but are not limited to; clean tech, green buildings, renewable energy, nutrition and health, and access to communication, healthcare and finance.

In summary, we are combining the traditional financial analysis with an ESG lens in order to

make more informed investment decisions. We do not narrow down our investment universe but utilise these additional sources of data as a risk evaluation measure.

### 3.3. **What ESG criteria are taken into account by the fund(s)?**

As part of the proprietary ESG analysis we identify the relevant sustainability challenges and ESG implications affecting companies within the investment universe. These include the following:

Environment	Social	Governance
Energy Efficiency	Human Rights	Independence and effectiveness of Board
Resource Efficiency	Health & Safety	Voting Rights/ Ownership
Sustainable sourcing	Freedom of Association	Executive Remuneration
Greenhouse Gases	Human Capital Management	Bribery & Corruption
Waste	Community Relations	Tax Practices
Water Abstraction	Responsible Supply Chain	Regulatory Compliance
Air emissions	Data security	
Effluents		

Find out more from our [RI Policy](#) and [Sensitive Industries Guidelines for our Fixed Income Stars Funds](#).

### 3.4. **What principles and criteria linked to climate change are taken into account in the fund(s)?<sup>5</sup>**

For STARS funds we conduct an internal ESG analysis, where we assess climate risks for companies with material climate exposure.

The most important pillar in our corporate ESG analysis and rating is Business Model, where we analyse a company's exposure to sustainability-related risks and opportunities including climate change. Here we focus primarily on the revenues and geographical exposure. Companies with business models that create environmental solutions such as renewable energy and green technologies will be assessed as having positive contribution to climate change mitigation. On the other side of the spectrum will be companies in coal mining and oil & gas sectors which will be assessed as negative for environment. We have developed internal guidelines for sectors with high climate change impact and companies with business models with negative environmental contribution have virtually zero chance of being selected and allowed to the STARS funds.

Moreover, Nordea Asset Management applies an exclusion list that includes companies with 30% of revenues derived from sales of coal products and do not have a meaningful opportunity to diversify from coal, with a tighter limit of 10% of revenues from thermal coal and oil sands.

In addition, we analyse climate change impact in the operations of the company under the

<sup>5</sup> Reference to Article 173 of the French TECV Act see paragraphs 3 and 4 of Article D.533-16-1 of Chapter III of the French Legal Code):

<https://www.legifrance.gouv.fr/affichCodeArticle.do?cidTexte=LEGITEXT000006072026&idArticle=LEGIARTI00031793697>



Environmental pillar. Exposure to risks and opportunities differs across the sectors and can be divided between the company's operations and their supply chain.

For example, for energy intensive sectors, we pay attention to the carbon footprint of their operations and track their progress in reducing energy intensity over time and versus their competitors as well as their commitment to purchase renewable energy. For companies relying on raw materials, we will assess the exposure of these raw materials to climate change risks such as droughts, floods. We expect the companies to work with their suppliers proactively to manage these risks and in the long-run ensure supply chain sustainability. For insurance companies, we assess whether they have risks management tools to manage their exposure to climate change induced extreme events and natural disasters.

For sovereign issuers, we include a variety of environmental elements within our proprietary ESG Sovereign rating model. Within the model we capture the elements of classical environmental indices that measure environmental performance in different sectors, such as air and water quality, biodiversity and deforestation (through our Environmental Services component), the direct risk of climate change (through our Climate Change component) and a measure the country's efforts to improve its climate footprint (via our Transitioning Economy component).

**3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?**

***NAM's proprietary ESG research process focuses on risks but also opportunities, ensuring that companies live up to Nordea's minimum ESG standards***

The RI team is responsible for conducting the ESG analysis and for providing relevant information to the investment teams. The core elements of the ESG research and analysis are constructed to provide insight and understanding regarding:

- Overall governance structure regarding management of relevant ESG aspects
- How issuers address and manage the most material ESG risks and opportunities with respect to their key stakeholders
- How companies position their products or services in relation to broader sustainability megatrends, including climate change

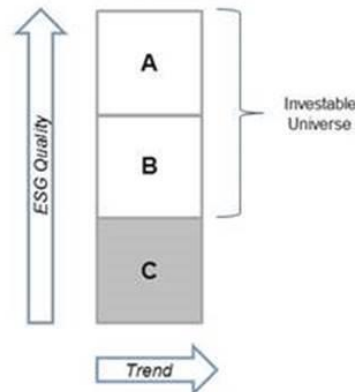
A corporate issuer's rating is based on the company's governance structure, management of key issues and level of transparency. Within these three areas the company's policies and practices are analysed taking group commitment, strategies, organisation, actions, performance over time and transparency into consideration.

The ESG rating is based on the performance of the company in relation to the identified key issues. Each company is ranked as an A, B or C company. A-rated companies are called mature companies; these have a solid governance structure in place and are addressing key issues with good policies and practices.

A-rated companies are transparent about risks and opportunities and about how these are being managed. B-rated companies have a top management commitment and are

developing their governance structure. Key issues are identified and to some extent addressed. Information is provided annually. C-rated companies are called laggards. No top management commitment exists, and the company has not made a full ESG risk assessment nor are identified issues addressed. The inherent ESG risk profile of the company is also considered in setting the rating. Depending on the activity level the company will also get a trend; positive, stable or negative. Analysts and Portfolio Managers are provided with the company ESG ratings and models, enabling them to systematically incorporate this information into their investment process

#### Proprietary Nordea ESG Rating System



The internal ESG Company Report is used for in-depth analysis. Information presented in the company report is more comprehensive and includes relevant data and information for the rating.

The report typically includes a summary of the rating, any associated financial and reputational impact, as well as the underlying research, including key company facts, overall governance structure for ESG management, management of key ESG issues and a summary of the assessment.

The analysis can also be summarised in an internal ESG Scorecard. The scorecard includes the overall rating and identifies the key issues analysed in the context of ESG pillars (Business model, Governance quality, Business Ethics, Environment and Social), where each pillar is rated and where each pillar is assigned a weighting.

For sovereign issuers, NAM has built a separate proprietary ESG rating model. This is a quantitative model built on academic research that considers the impact different ESG factors have on sovereign credit risk. We aggregate and disaggregate data from external providers to obtain ESG indicators fitting our model and ensure that all risks are given appropriate weights. This allows us to constitute a proprietary ESG score on every country within our investment universe. We have weighted the individual ESG factors to reflect the empirical result that the impact of governance factors on sovereign spreads is stronger than that of social factors, which again is stronger than that of environmental factors.

By scoring the individual ESG factors, we are also able to give every country a score on the E, S and G pillars and highlight specific risk areas that warrant further analysis. We also include an overlay to the model which approximates performance against international norms such as those embodied in the UN Global Compact. We update our model quarterly

to incorporate changes in the underlying data which are generally updated on quarterly/annual basis by the third-party data providers.

As a numerical model, this forms a solid starting point to analyse a country's ESG risks. Overlaid onto this is a qualitative analysis carried out by experts from the RI team and the EM Debt team together to provide a full assessment of a country's ESG profile.

### **3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?**

In the STARS funds we allow only investments that meet the specific threshold for the fund. If an issuer/ specific bond does not meet the criteria it will not be allowed in the funds. We can change our ESG view and ESG rating for an issuer when we conduct our planned update of the analysis or - more commonly - due to an incident. We constantly monitor our STARS holdings in the news with regards to ESG performance – we use Bloomberg and alerts functions on MSCI, RepRisk and ISS-ESG as well as global and local newspapers and NGOs. Once we find out about an incident, we assess its materiality (scale and severity) and can decide to either (a) engage in a dialogue with the issuer; (b) quarantine the holding until we receive more information, e.g. due to an ongoing investigation; (c) downgrade and divest the holding, where portfolio managers will have 30 calendar days to sell the position from the portfolio.

## **4. Investment process**

### **4.1. How are the results of the ESG research integrated into portfolio construction?**

#### **Incorporating ESG factors in Strategic Assessment**

The Strategic Assessment considers multiple factors to rate the strength of the bond. In their assessment, the portfolio managers fully incorporate the findings of the ESG analysis, including both sector level and bond-specific ESG results. This allows a 360-degree understanding of the issuer and its ability to meet its obligations.

#### **Quantifying ESG impact on valuation**

The investment teams take the material ESG factors identified by the RI team and quantify their potential impact on a particular bond's credit analysis. Corporate issuers with strong ESG profiles and more sustainable business models will have a lower risk of being unable to meet their financial obligations and thus greater creditworthiness. For Sovereign issuers, the investment team includes ESG factors as well as fundamentals when evaluating bonds and builds into their model the impact the different types of ESG factors have on sovereign spreads. The ultimate question here is whether the issuer will avoid default on a given bond.

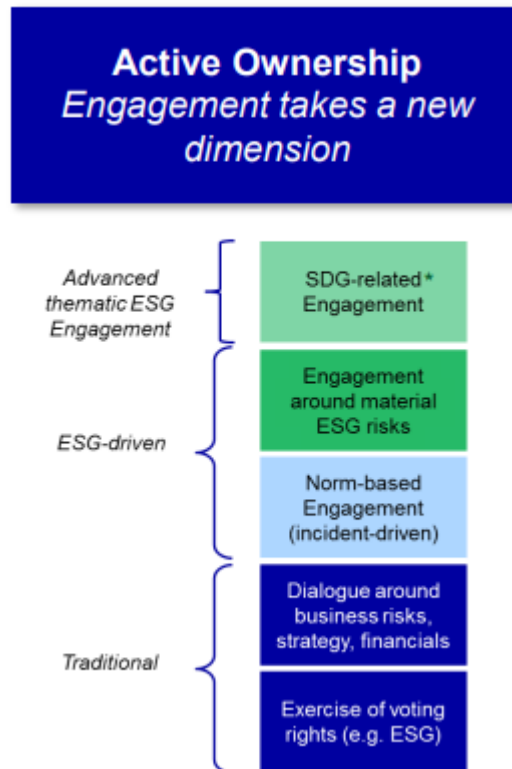
The ESG score represents the minimum expectations we have for the bonds included in the STARS funds. Portfolio managers of the STARS funds are not able to select C-rated companies, hence follow a positive screening approach. We apply certain ESG standards to all our actively-managed funds at Nordea: the rating approach used by the STARS significantly raises the bar for a company to become eligible for investment in these funds.

## How STARS funds create impact

We foster change with our issuers by engaging with them around specific ESG topics. We do this both individually and in collaboration with other investors. For corporates, we use both engagement approaches: for sovereign issuers we believe taking a collaborative approach can achieve the greatest impact.

For STARS products, the portfolio managers and our RI team together build an engagement roadmap, identifying the most relevant and material ESG topics for each company. While the RI team typically takes the lead in engagement activities, our portfolio managers also participate.

We break down our ESG engagement into three categories – Traditional, ESG-driven and Thematic.



Risk engagement can include both reactive incident-driven ESG engagement (if a company breaches international norms<sup>6</sup>) and proactive ESG-driven engagement around material ESG risks<sup>7</sup>.

Thematic engagement focuses on companies' exposure to certain themes which might represent a significant material risk for the company. In particular, the team looks at issues

<sup>6</sup> In 2019 NAM had 12 incident-driven engagement cases. Example: BHP Billiton and Vale, as part of an ongoing engagement following the 2015 collapse of the Samarco Dam and the 2019 collapse of the Brumadinho dam.

<sup>7</sup> In 2019 NAM engaged with 101 companies individually, and 478 companies as part of our collaborative engagements, to ensure material ESG risks were being adequately managed or that ESG opportunities were being fully capitalised on. Example: Samsung Electronics.

related to the UN Sustainable Development Goals (SDGs)<sup>8</sup>. We believe that companies aligning their business models and practices with the SDGs will be successful in the long-term, because they are adjusting to global society's future needs. As an illustration, since 2015 we have engaged with 25 pharmaceutical companies in India to discuss waste water management (their own and their suppliers'), because pharmaceutical water pollution is a significant issue in India.

For Sovereign issuers, we have joined various working groups as an effective means of influencing issuers (more detail of these in Question 2.6). The UNPRI's Fixed Income Advisory Committee, which we were part of since its inception, was dissolved at the end of 2018 precisely because it had achieved so many of its milestones.

#### **4.2. How are the criteria specific to climate change integrated into portfolio construction?**

Climate change is one of the single largest threat to our economy and Nordea Asset Management is working on an ongoing basis to assess climate change risk and the impact of the low-carbon transition on sectors and companies. We support the TCFD recommendations and we want to continue to promote increased transparency, development of tools and methods to manage climate-related risks and opportunities and contribute to best practice in the industry. We will also aim to align our portfolios with the Paris agreement in the long term as well as further reduce the financial risk related to climate change in our portfolios.

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 GHG emissions globally. There are a number of sectors that are particularly exposed to climate change.

Companies in these sectors

- need to demonstrate how they integrate climate change challenges into their business strategies, investment decisions and risk management,
- should be able to disclose how their long-term business strategy and profitability will be impacted by a different regulatory and physical environment,
- need to show how they identify and capitalize on opportunities related to climate change, and
- should also be transparent in regard to their position on climate change regulation and interaction with regulators and policy makers.

NAM updates fund carbon footprint data on a monthly basis and make this information public via our fund company web-pages in the Nordic region. Our proprietary ESG assessment model and our engagement activities in the STARS funds consider climate change risks (among others) and align well with SDGs including SDG 13 "Climate Action". While there is no formal process for integrating this data into portfolio construction, the portfolio managers have access to the detailed data on carbon footprint results of their funds and respective

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<sup>8</sup> The UN's Sustainability and Development Goals are a series of thematic targets the UN identified in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

benchmarks, which they can use to reduce their exposure to the most carbon- intensive companies.

Our proprietary ESG assessment methodology looks at any material E, S and G factors for a given sector/company. As such, many elements pertaining to the above SDGs would be an integral part of our assessment. For corporates, our ESG company score card includes 5 overall assessment areas: environment, social, governance, business ethics and business model. The latter is a way for us to understand how a company is adapting its business model and value chain to address sustainability challenges that are material to them, as well as creating opportunities (such as new products or services) to leverage the changes these challenges bring. For instance, climate change, resource depletion, demographics, corruption, etc. are typical factors that are assessed by the RI team. For sovereign issuers, we capture environmental performance, climate change exposure and the issuing country's efforts to improve its climate performance in our proprietary ESG sovereign rating model.

Please find our group level position statement on climate change here: [https://www.nordea.com/Images/33-235388/Nordea\\_Position\\_Statement\\_Climate\\_Change.pdf](https://www.nordea.com/Images/33-235388/Nordea_Position_Statement_Climate_Change.pdf)

**4.3. How are the issuers that are present in the portfolio, but not subject to ESG analysis evaluated (not including mutual funds)?**

For the STARS funds, all portfolio holdings are subject to ESG analysis and have an ESG rating.

**4.4. Has the ESG evaluation or investment process changed in the last 12 months?**

There have been no changes in the ESG investment process over the last 12 months.

**4.5. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?**

No.

**4.6. Does (do) the fund(s) engage in securities lending activities?**

The funds can engage in securities lending activities. The Corporate Governance Principles cover securities lending "Securities lending. The company shall strive to vote for as large proportion of its holding as possible. However, if it is in the best interest of our unitholders that securities remain in a securities lending program." The counterparty selection process does not integrate ESG criteria.

For details on collateral management, please refer to the Nordea 1, SICAV [Prospectus](#).

The **Nordea 1 – Emerging Stars Bond Fund** may extensively use financial derivatives to implement the investment policy and achieve its target risk profile.

The **Nordea 1 – European Corporate Stars Bond Fund** and the **Nordea 1 – European High Yield Stars Bond Fund** may use derivatives for hedging (reducing risks), efficient portfolio management and to seek investment gains.

#### **4.7. Does (do) the fund(s) invest in mutual funds?**

No, the funds do not invest in mutual funds as part of its investment policy. However, please note that as per the Nordea 1, SICAV prospectus (applicable for all UCITS funds), the funds can invest up to 10% of their AuM in other undertakings for collective investments (UCIs).

### **5. ESG controls**

#### **5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?<sup>9</sup>**

The controls are performed by Nordea Asset Management's Middle Office Risk Management Team and ensures adherence to:

- a. Norm-based exclusion
- b. Ensure no investments in C rated companies from our internal ESG ratings.
- c. 0% revenue threshold for: Controversial weapons.
- d. 30% revenue threshold for coal including 10% threshold for thermal coal.
- e. 10% revenue threshold for oil sands.

The RI team in cooperation with our internal Middle Office Risk Management Team, which monitors all holdings, ensures compliance with our ESG process and policy. This is done on the back of and in close cooperation with our external service partner ISS-ESG and the information they provide us regarding updated assessments of companies in breach of international norms.

### **6. Impact measures and ESG reporting**

#### **6.1. How is the ESG quality of the fund(s) assessed?**

The internal ESG analysis is performed "bottom-up" and focuses on how each issuer operates with stakeholders, particularly on potential conflict areas. For each sector we have identified the material issues which are included in our evaluation. As a result, we assign a score (A/B/C). All issuers considered for investment are analysed by our dedicated ESG professionals, involved from the early-stage of the investment process. A company must have a minimum rating of B to be eligible for investment.

In addition, our teams build structured Engagement roadmaps and regularly assess the impact of its Engagement activities.

#### **6.2. What ESG indicators are used by the fund(s)?<sup>10</sup>**

Our proprietary ESG assessment methodology for corporate issuers looks at any material E, S and G factors for a given sector/company. Within this, many elements pertaining to the SDGs

<sup>9</sup> Reference to Article 173 of the French TECV Act

<sup>10</sup> Reference to Article 173 of the French TECV Act

are an integral part of our assessment. Our ESG company score card includes 5 overall assessment areas: environment, social, governance, business ethics and business model. The latter is a way for us to understand how a company is adapting its business model and value chain to address sustainability challenges that are material to them, as well as creating opportunities (such as new products or services) to leverage the changes these challenges bring. For instance, climate change, resource depletion, demographics, corruption, etc. are typical factors that are assessed by the RI team.

For sovereign issuers, our ESG rating model incorporates a number of individual ESG factors that have proven to have a material impact on sovereign spreads. The key metrics include Principles of Democracy, Efficiency and Execution of Governance Processes, Social/Human Development, Digital Inclusion, Transitioning Economy, Climate Change Exposure and Environmental Services. We have weighted the individual ESG factors to reflect the empirical result that the impact of governance factors on sovereign spreads is stronger than that of social factors, which again is stronger than that of environmental factors.

By scoring the individual ESG factors, we are also able to give every country a score on the E, S and G pillars and highlight specific risk areas that warrant further analysis. We also include an overlay to the model which approximates performance against international norms such as those embodied in the UN Global Compact.

Using these methodologies, the RI Team rates each asset A/B/C; STARS funds cannot invest in C-rated assets.

**6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?**

Further information about responsible investments at Nordea and our ESG Funds can be found under:

**Responsible Investments at Nordea:**

<https://www.nordea.com/en/sustainability/sustainable-business/investments/>

<https://www.nordea.lu/en/professional/responsible-investing/>

**The Nordea 1 -Emerging Stars Bond Fund:**

<https://www.nordea.lu/en/professional/funds/emerging-stars-bond-fund/>

**6.4. Does the fund management company publish the results of its voting and engagement policies?<sup>11</sup>**

Yes, Nordea Asset Management has a voting portal to showcase our voting. It includes information on all Annual General Meetings (AGMs) we attended, proxy voting statistics and

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<sup>11</sup> Reference to Article 173 of the French TECV Act and the HLEG recommendations on GOVERNANCE



voting details on each company. The portal is updated continuously and contains our historical voting since the 2017:

<https://www.nordea.com/en/responsibility/sustainable-finance/engagement/voting-portal/>

Further information on active ownership and engagement at Nordea, can be found under:

<https://www.nordea.com/en/sustainability/sustainable-business/investments/active-ownership-and-engagements/>

Disclaimer:

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.

**Additional information for Nordea 1, SICAV:** 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. 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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](http://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 Louxum, 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](http://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](http://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](http://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, Grønørdsvej 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 in Latvia 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. 21A, 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. 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