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Any investment decision in the sub-funds should be made on the basis of the current prospectus and the Key Investor Information Document (KIID).

ESG Report

Nordea 1 – Global Social Empowerment Fund
Second quarter 2022



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Sustainability footprint

The sustainability footprint of EUR 100,000 invested in

Nordea 1 – Global Social Empowerment Fund

LU2257592514 (BP-USD) / LU2257592787 (BI-USD)

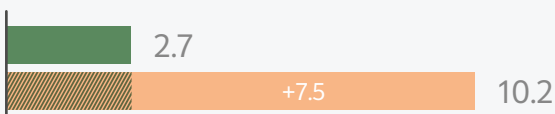
For illustrative purposes only

■ Nordea 1 – Global Social Empowerment Fund

■ Illustrative Benchmark: NASDAQ Global Large Mid Cap Index

CO₂ emissions¹ **2.7 t**

Most of your savings are invested in companies that on average emit less CO₂ compared to their peers.



7.5 tonnes less than illustrative benchmark

1) Measured as CO₂-equivalent greenhouse gas emissions

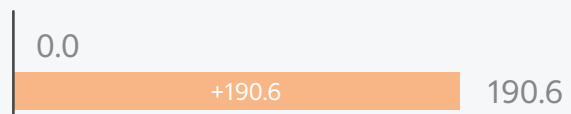
5.0



The equivalent of annual CO₂ emission from 5.0 cars

Underground oil, gas and coal reserves **0.0 t**

None of the companies in your portfolio own fossil fuel reserves, neither oil, coal nor gas.



190.6 tonnes less than illustrative benchmark

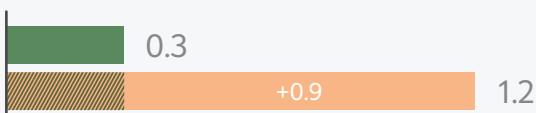


272x
CPH/BKK

Equal to 272 Copenhagen-Bangkok flights

Waste generation **0.3 t**

Most of your savings are invested in companies that on average produce less waste than their peers.



0.9 tonnes less than illustrative benchmark

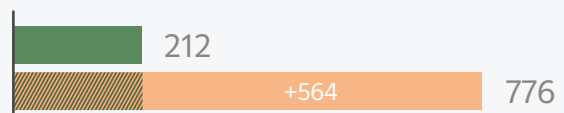
94



Equal to approx. 94 waste bags avoided

Water usage **212 m³**

Most of your savings are invested in companies that on average consume less water than their peers.



564 m³ less than illustrative benchmark



3.9

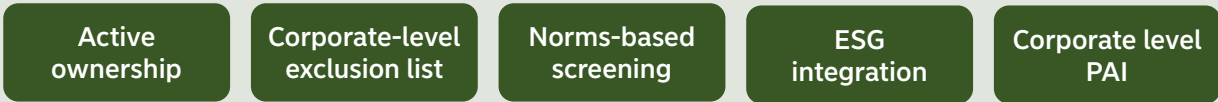
The equivalent of the water used by 3.9 households

This sustainability footprint overview is prepared by NASDAQ based on analysis of Nordea 1 – Global Social Empowerment Fund's holdings as of 30.06.2022. The analysis is based on the equity investments in the fund and the holdings are compared to the NASDAQ Global Large Mid Cap Index, a broad market index used as benchmark for illustrative purposes only and which does not correspond to the official benchmark of the fund. The calculations are based on an example investment of 100,000 EUR, of which ca. 98% is invested in equities. For illustration purposes only. This overview does not constitute investment advice. Please note that the value of investments can go up as well as down and you might not get back the amount originally invested. Data & metrics are powered by Matter.

Overview of ESG characteristics

Corporate level ESG overlays of Nordea Asset Management

NAM’s Responsible Investment Framework comprises a wide range of RI approaches. Some are decided and deployed at the corporate level – “overlays” – while others are product-specific and apply to solutions with a stronger ESG focus. The corporate “overlays” apply to all funds managed by NAM.



All of our funds are subject to minimum sustainability-related eligibility criteria. For example, we do not invest in companies involved in the production of controversial, illegal or nuclear weapons. Nor do we invest 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 exclude companies with large and sustained exposure to oil and gas extraction through oil sand with 10%, and arctic drilling with 5% revenue threshold.

Fund specific ESG characteristics

Industry exclusions

While engagement is always NAM’s preferred approach, we have made a decision to exclude certain industries from our ESG Thematic range.

Adult entertainment*	Alcohol*
Gambling*	Tobacco*
Coal mining ^{2*}	Conventional ³ oil & gas/ unconventional ⁴ oil & gas
Controversial weapons ⁵	Military equipment*
Nuclear weapons ⁶	

* 5% revenue threshold on production

ESG labels⁷



SFDR classification: Article 9

The fund is categorised as an Article 9 product based on Sustainable Finance Disclosure Regulation (SFDR) and adheres to the below characteristics:

- Active Ownership and Engagement
- Enhanced exclusion filters and other limits
- Exclusion list
- Norms-based Screening
- Paris Aligned Fossil Fuel Policy (PAFF)
- Principal Adverse Impact (PAI) integration
- Thematic ESG strategy

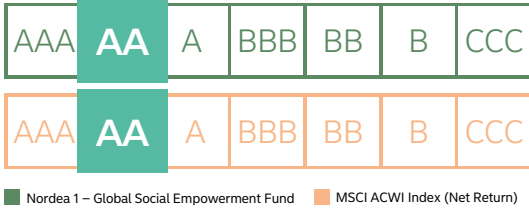
Find out more about RI at Nordea Asset Management:

- » [RI Policy](#)
- » [Paris Aligned Fossil Fuel Policy \(PAFF\)](#)
- » [Nordea’s Exclusion list](#)

2) By coal is meant the extraction of both metallurgical and thermal coal. 3) 5% revenue threshold or alignment with the Paris Agreement as per the PAFF. Refers to oil & gas exploration and production companies, as well as integrated oil & gas companies (BICS classification 135 and 136). 4) 0% revenue threshold on oil sands, shale oil/gas, hydraulic fracturing, and Arctic drilling. 5) 0% revenue threshold. Controversial weapons include anti-personnel mines, cluster munitions, depleted uranium, biological/chemical weapons, incendiary devices. 6) 0% revenue threshold. Production and development of nuclear weapons. 7) Towards Sustainability recognises the Nordea 1 – Global Social Empowerment Fund, validity Jul. 2022 – Jun. 2023. For more information on sustainability-related aspects of the fund, please visit nordea.lu/legal.

ESG overview

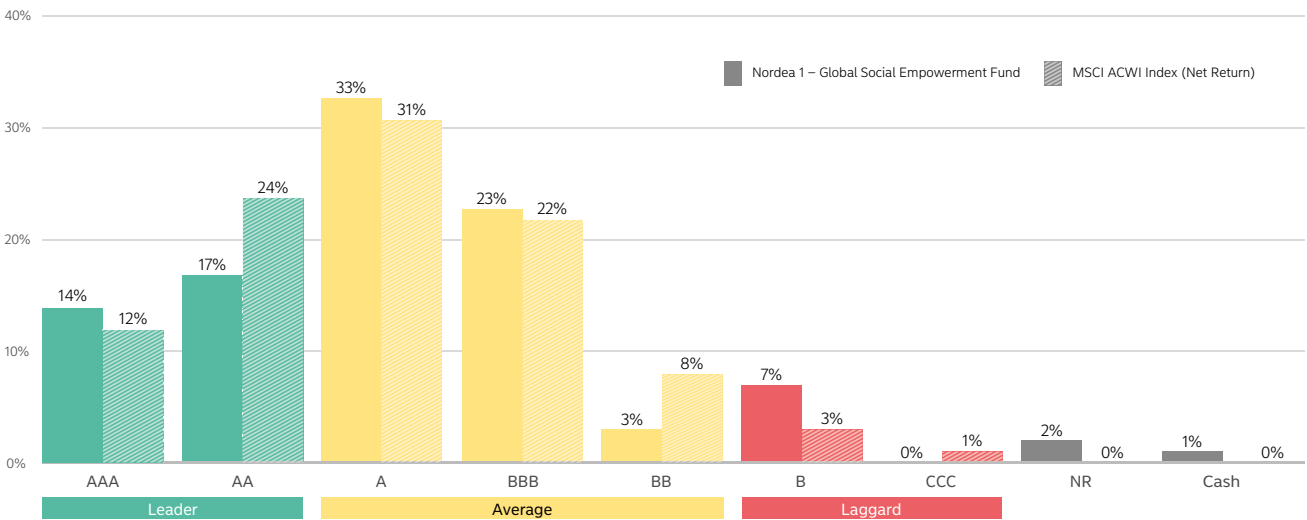
ESG rating⁸



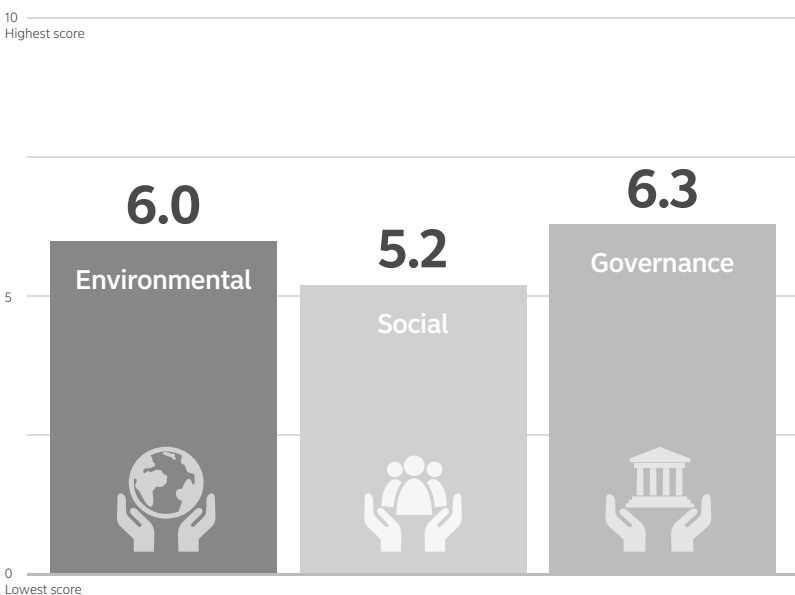
Please note that the MSCI ESG rating is mainly backward looking, relying mainly on publicly available information and can differ from Nordea’s internal ESG scoring which is based on a forward-looking approach.

The ESG Rating assesses the resilience of a fund’s aggregate holdings to long-term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks.

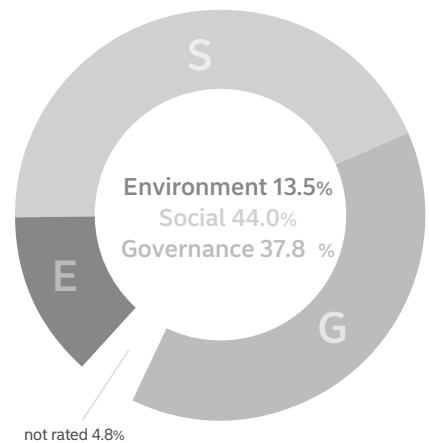
ESG Rating breakdown⁸



ESG scores by pillar⁸



ESG risk exposure⁸









8) ©2022 MSCI ESG Research LLC. Reproduced by permission.


ESG indicators

Environmental indicators







■ Nordea 1 – Global Social Empowerment Fund ■ Benchmark⁹⁾

<p>91 t</p>  <p>0.0%</p>  <p>0.0%</p> 	<p>170 t</p>  <p>6.9%</p>  <p>3.0%</p> 	<p>Weighted Average Carbon Intensity (tCO₂e/USD million)</p> <p>The WACI measures a portfolio’s exposure to carbon intensive companies.</p> <p>Exposure to high impact fossil fuel reserves</p> <p>The percentage of portfolio’s market value exposed to companies that own high impact fossil fuel reserves.</p> <p>Exposure to environmental controversies</p> <p>The percentage of portfolio’s market value exposed to companies facing one or more very severe environmental controversies.</p>
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Social indicators

<p>0.0%</p>  <p>0.0%</p>  <p>0.0%</p> 	<p>0.7%</p>  <p>5.2%</p>  <p>19.0%</p> 	<p>Exposure to human rights norms violation</p> <p>The percentage of portfolio’s market value exposed to companies in violation of international norms around human rights.</p> <p>Exposure to human rights controversies</p> <p>The percentage of portfolio’s market value exposed to companies facing one or more very severe human rights and community controversies.</p> <p>Exposure to labour controversies</p> <p>The percentage of portfolio’s market value exposed to companies facing one or more very severe labour controversies.</p>
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Governance indicators

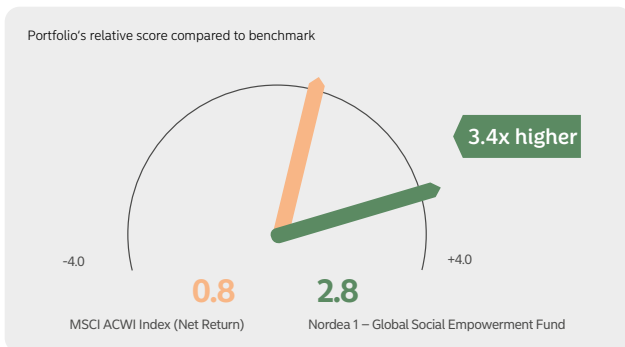
<p>0.0%</p>  <p>86.5%</p>  <p>0.0%</p> 	<p>2.3%</p>  <p>88.5%</p>  <p>7.6%</p> 	<p>Exposure to companies with no female directors</p> <p>The percentage of portfolio’s market value exposed to companies with no female directors.</p> <p>Exposure to companies with a majority of independent board members</p> <p>The percentage of portfolio’s market value exposed to companies with board independence above 50%.</p> <p>Exposure to governance controversies</p> <p>The percentage of portfolio’s market value exposed to companies facing one or more severe or very severe governance controversies.</p>
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9) As measured by the iShares MSCI ACWI ETF. Source: MSCI ESG Research LLC, as of 31.05.2022. ©2022 MSCI ESG Research LLC. Reproduced by permission. Portfolio coverage 99.76%.
 Weighted Average Carbon Intensity based on MSCI ACWI Index (Net Return) as of 30.06.2022. Scope 1&2. For further information on scope 1&2 please refer to the "Methodology – Sustainability footprint" section in the appendices of this report. This metric relies on carbon data gathered by Nordea Investment Funds S.A., MSCI Inc. and is based on the Swedish Fund Association’s recommendation. Further information on the calculation approach is available at: nordea.lu/documents/esg-carbon-footprint-disclosure/ESG-CFD_eng_INT.pdf. Source: Nordea Investment Funds S.A., MSCI Inc.

Contribution to SDGs

Total sustainability score (vs benchmark)

The chart below shows the contribution of the portfolio holdings products and services to both environment and social considerations compared to companies held in the benchmark. The contribution of the portfolio to the 15 objectives (social and environmental) is 3.4x higher than the benchmark.



The relative score is calculated as follow: (Portfolio net score)/(Benchmark net score). Should the score of the benchmark be close to zero the relative score multiple might be distorted. Comparison with other financial products or benchmarks is only meant for indicative purposes.

Top contributors

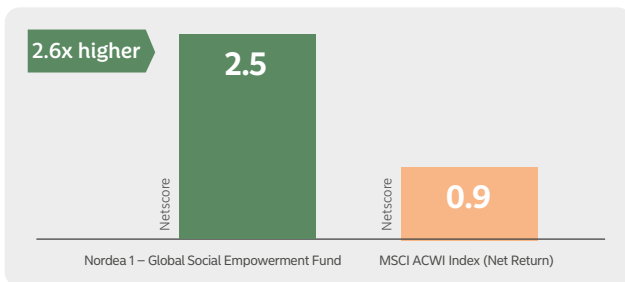
1. **AbbVie** (US, Health Care)
2. **Merck** (US, Health Care)
3. **Stryker** (US, Health Care)

Notes

Benchmark	MSCI ACWI Index (Net Return)
Portfolio coverage	97%
Benchmark coverage	99%
Portfolio holdings	54

Exposure to the 7 social objectives¹⁰

The contribution of the portfolio to the 7 social objectives is 2.6x higher than the benchmark.



Comparison with other financial products or benchmarks is only meant for indicative purposes.

Exposure to the 8 environmental objectives¹⁰

The contribution of the portfolio to the 8 environmental objectives is higher than the benchmark.



Comparison with other financial products or benchmarks is only meant for indicative purposes.

Top 3 social objectives

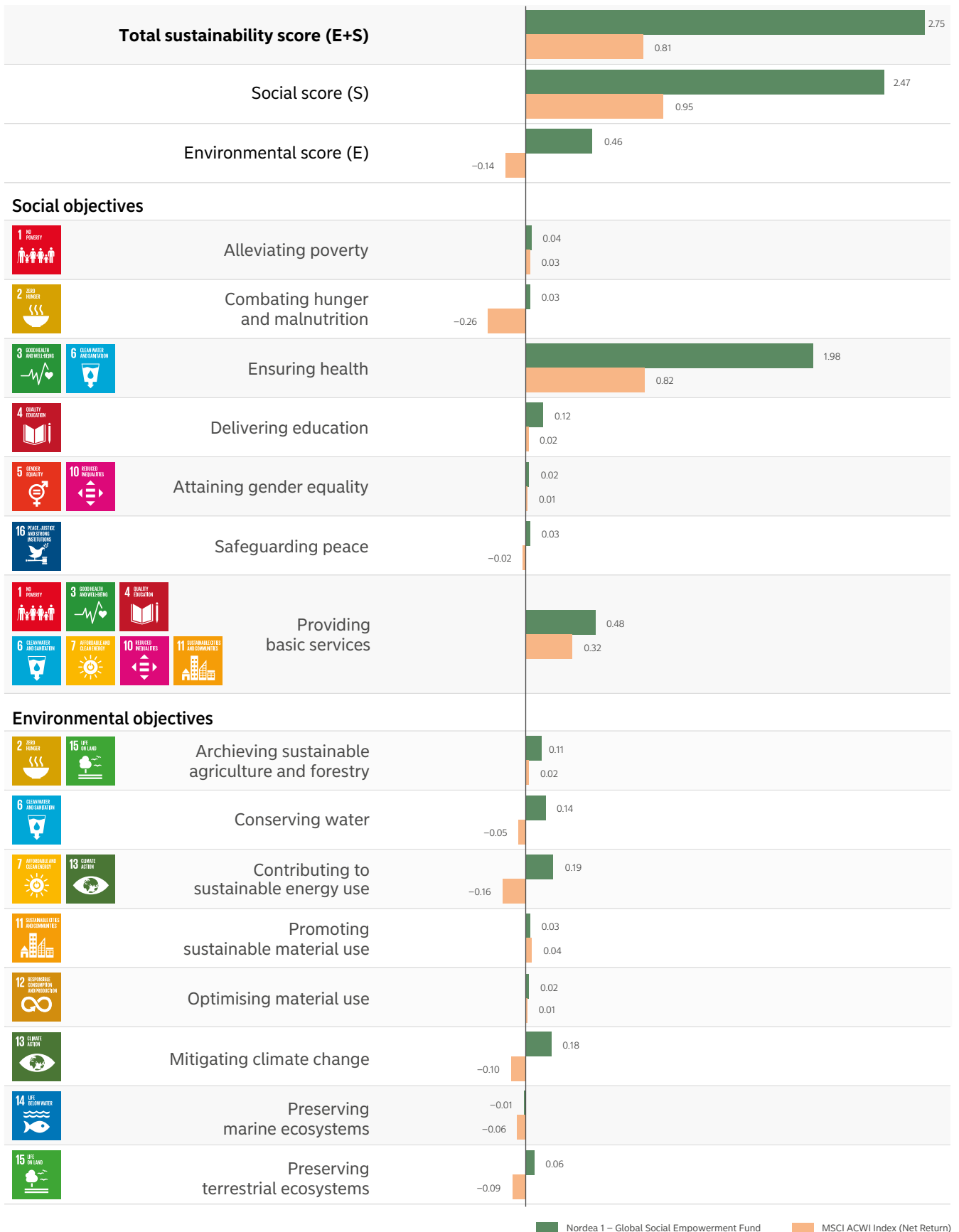
1. Ensuring health
2. Providing basic services
3. Delivering education

Top 3 environmental objectives

1. Contributing to sustainable energy use
2. Mitigating climate change
3. Conserving water

¹⁰ Please note that the total sustainability score is the sum of the social and environmental scores and may slightly differ due to rounding differences. Further information on SDGs is available at www.un.org/development/desa/en/news/sustainable/sustainable-development-goals.html. Sources: Nordea Investment Funds S.A., ISS-ESG, United Nations Sustainable Development Goals.

Sustainability score details



Comparison with other financial products or benchmarks is only meant for indicative purposes. The total sustainability score (E+S) represents the Overall SDG Solutions Score as defined by ISS-ESG. This score is based on the Social SDG Solutions Score (S) and the Environmental SDG Solutions Score (E). Please note that the Overall SDG Solutions score may slightly differ from the aggregated figures of the social and environmental scores due to rounding differences. Further information on SDGs is available at www.un.org/development/desa/en/news/sustainable/sustainable-development-goals.html. Sources: Nordea Investment Funds S.A., ISS-ESG, United Nations Sustainable Development Goals.

Active ownership

The aim of this section is to describe some of the voting and engagement activities over the last quarter for this specific fund. This tool, therefore, is not meant to be fully comprehensive, but to allow investors to follow-up on the fund’s relevant active ownership activities.

By adhering to Nordea’s responsible investment policy, the fund excludes companies breaching international norms or involved in sectors we do not consider acceptable. However, excluding a company from our portfolios is always a last resort. Engagement is always our preferred approach and of paramount importance to NAM. We believe that active ownership is a powerful way to protect shareholder value, enhance long-term returns and foster positive change. Our active ownership efforts begin with voting on our holdings, attending Annual General Meetings (AGMs) and representation on nomination committees. Our publicly available Voting Portal shows how we have voted in AGMs for stocks held across our funds. Access to the Voting Portal as well as our Corporate Governance Principles can be found [here](#).

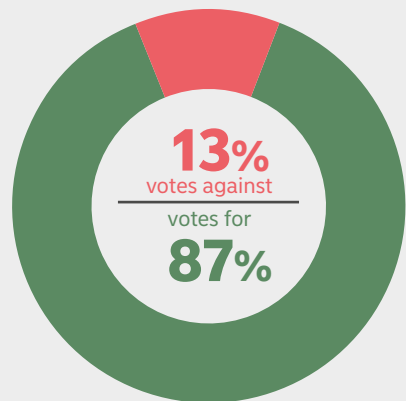
Engagement is the next step of being an active owner and is a crucial component of our RI philosophy and framework. Our engagement activities fall into one

or more of three different categories. The first type addresses companies that are in breach of international norms or conventions or those involved in ESG-related incidents. The second type relates to ESG-related risks or opportunities identified by portfolio managers and financial analysts via our company assessments. The third and final stream concerns our thematic engagements.

Engagement categories:

- **Norms- and incident-based engagement:**
engaging with companies breaching the international norms or conventions or companies having ESG related incidents
- **Investment-led engagement:**
engaging with companies on their material ESG risks
- **Thematic engagement:**
engaging on specific sustainability themes in focus

Voting



Engagement cases

UMH Properties, Inc.

Nordea ESG scoring ¹¹	Proxy Voting ¹²	SDG Engagement	Engagement topic
A-	✓	Several	Social – Occupational Health & Safety Social – Affordability Environmental – Energy Efficiency & Green Buildings

Overview

UMH Properties, Inc. (UMH) is a real estate investment trust (REIT). The Company's primary business is the ownership and operation of manufactured home communities, including leasing manufactured home sites to private manufactured home owners. The Company also leases manufactured homes and sells and finances the sale of manufactured homes to residents and prospective residents. The Company owns around 128 manufactured home communities consisting of approximately 24,100 developed homesites across the United States.

Background

Residential housing today accounts for nearly 20% of global energy-related carbon emissions. These emissions are made up in a two-fold manner: the day-to-day of running a building and those tied to the building process, maintenance and any demolition.¹³ The reduction in energy usage in buildings can be an important emission reduction option as well as a cost factor for end customers, while green building certifications showcase the company's commitment to ESG issues. Additionally, being an essential service, residential housing providers have significant social opportunities in the affordable market segment. A study by the 'National Low Income Housing Coalition' (NLIHC) highlights that the U.S. has a shortage of around 7 million rental homes which are affordable and available to extremely low-income income renters.¹⁴ Furthermore, 49% of Americans in a

2021 study, stated that the availability of affordable housing has become a major problem in their community, up from 10% of respondents in 2018.¹⁵ The current rising costs of living further underline the importance of suitable offerings in this segment.

Last year, UMH was downgraded by MSCI due to a lack of evidence regarding robust workplace safety practices. As injuries and sometimes even fatalities are a salient issue in this sector, we expect companies to publish details surrounding their injury rates to compare their performance against peers. Furthermore, we found no evidence of recognized, international certifications of the company's safety management systems. Finally, we believe by increasing transparency around their contribution to the affordable housing segment, as well as around ESG risks and opportunities, it around could further enhance their profile as an ESG investment target.

The Engagement

We spoke with the CEO and senior executives of UMH Properties and raised the issue of their MSCI downgrade and the importance of workplace safety certifications as well as transparent communication regarding injury rates for us. Furthermore, we encouraged the company to increase the transparency surrounding affordability of their residential properties and discussed potential opportunities in green buildings in their market segment.

Outcome

The CEO and representatives of UMH followed our argument on the importance of figures regarding injury rates. They stated that they will increase transparency around this and are in the process of certifying their headquarters to ISO standard and will extend this to further facilities in the future.

The company stated that their offering services the affordable housing segment although they acknowledge that they could improve their communication around how they contribute to address the current shortage. We encouraged the company add and enhance the reporting metrics they use on this issue to showcase their credentials in this space.

In our discussion regarding green building opportunities, we agreed with the company that their residential offering is less energy intense than office properties. Nonetheless, the company laid out their efforts in this space and stated that we can expect endeavours and reporting to increase in the future.

We will continue to follow the company's reporting on health and safety and their certification process. As the company has significant opportunities through affordability, in our next discussion with the company we will further discuss reporting metrics and statistics that underline this. Finally, as the sector is highly dependent on suppliers, we will raise the issue of supplier certification in our next meeting with UMH Properties.

11) Current scoring, based on Nordea proprietary ESG model. 12) Proxy voting refers to the last 12 month-period. Generally, we vote in annual reports and most of the Annual General Meetings (AGM) which occurs once a year. If there is no vote, it is generally because the fund was not invested at the time when the AGM took place. 13) The Economist (2022): The construction industry remains horribly climate-unfriendly. 14) NLIHC: National Shortage of Affordable Rental Housing. 15) Pew Research Center (2022): Key facts about housing affordability in the U.S. Please find out more on nordea.com/sustainability or access directly the [voting portal](#).

Bank Rakyat (Persero) Tbk PT

Nordea ESG scoring ¹¹	Proxy Voting ¹²	SDG Engagement	Engagement topic
A	✓	9 Industry, innovation and infrastructure	Environmental – Integration of environmental factors into the credit process

Overview

Bank Rakyat is an Indonesia-based banking company. The Company focuses on micro, small and medium enterprises (MSME) and microfinance in Indonesia. Its corporate business banking services include business services, financial services, institutional services, treasury, custodian services, trustee services and cash management services. The Company operates approximately 18 regional offices, approximately 451 branches and over 582 sub-branches.

Background

Since 2017, Nordea Asset Management has been engaging with companies and stakeholders in the palm oil sector. Palm oil has been associated with a variety of different ESG risks such as deforestation, labour rights and the endangering of threatened species. One of the companies with exposure to this sector is Bank Rakyat through their

loan book. In 2018, the company began implementing ESG risk management into their palm oil plantation loans and started requiring clients in this sector to have recognized certifications. Furthermore, the company began a collaboration with the World Wildlife Fund (WWF) to develop in-house capabilities on sustainable palm oil for their credit officers.

Bank Rakyat has been an important player in the microfinance sector and increasing the financial inclusion of lower socio-economic groups in Indonesia. We acknowledge their ambition to enhance their ESG capabilities, including strengthened criteria for loans linked to palm oil, as well as their business model contribution in Indonesia.

The Engagement

We spoke with the Head of Investor Relations to discuss recent and current developments of ESG integration at

Bank Rakyat. The company explained that ESG is one of their top priorities this year, especially on the “E”-pillar. Due to their past initiatives and the positive progress we have recorded, specifically on palm oil, we discussed how the company will take broader environmental issues into their credit process.

Outcome

Bank Rakyat explained that they are currently in the process of reviewing their credit policies, with a specific focus on environmental issues. They are aiming to include several items related to environmentally positive metrics in their credit assessment. We will follow up with the company to discuss the metrics they have included, how the training for credit teams has evolved as well as different methodological challenges they have faced during their process.

ALS Ltd.

Nordea ESG scoring ¹¹	Proxy Voting ¹²	SDG Engagement	Engagement topic
A-	✓		Governance - Business Ethics

Overview

ALS Limited is an Australian company engaged in providing laboratory testing, inspection, certification, and verification solutions. The Company’s principal activities include provision of professional technical services, primarily in the areas of testing, measurement and inspection, supporting environmental monitoring, food and pharmaceutical quality assurance, and mining and

mineral exploration. The Company’s segments include Commodities, Life Science, and Industrial.

Background

In 2020, there allegations emerged that ALS had falsified coal sample certificates at laboratories in Australia dating back to 2007. The company disclosed that an independent investigation revealed that up to half of coal sample certificates

from four different labs were manually altered. The company stated that they had implemented stringent additional measures to stop amendments without proper justification and are planning to further enhance the automatization of the certification and reporting process.

Additionally, the company affirmed that there was no evidence of bribery to ALS staff or third-party altercation requests.

11) Current scoring, based on Nordea proprietary ESG model. 12) Proxy voting refers to the last 12 month-period. Generally, we vote in annual reports and most of the Annual General Meetings (AGM) which occurs once a year. If there is no vote, it is generally because the fund was not invested at the time when the AGM took place. Please find out more on nordea.com/sustainability or access directly the [voting portal](#).

In light of the investigation, one manager and three employees were terminated.

The Engagement

We spoke with the CEO of ALS to better understand the additional measures the company had implemented and if these are sufficient in our view, their cooperation with authorities as well as how the case has impacted their business relationships. Furthermore, we inquired how the company aims to continuously reassure clients and the market of the new measures and how to avoid such issues in the future.

Outcome

The CEO of ALS explained that as soon as they were aware of the issue, corrective actions were implemented

for the coal certification unit as well as the other business units. An external investigator was hired to check the sufficiency of these across the entire company. The verdict reached was positive and ALS turned the report over to the relevant authorities.

Beyond the incremental improvements to the Code of Conduct, ALS explained that they have an array of new measures. These include the implementation of an ethics training for all employees on a yearly basis in every business unit. Furthermore, the possibility to halt the certification process has been stopped. Points in the process which were reliant on manual data input and the validation process have also been automatized. Additionally, results are reported as analysed on the delivered certificate and no average or aggregated data is reported.

Although the case had a commercial impact on ALS due to the departure of some clients, the CEO reported that clients are coming back due to the reassurance provided by the new measures. This was further bolstered by the fact that no other issues were found across the company by the external investigator. ALS has implemented spot audits every three months to ensure that if a compliance breach occurs it can be identified early enough to ensure it remains isolated.

We are pleased with the additional measures the company has implemented and the constructive dialogue with the CEO.

Appendix

Methodology – Sustainability footprint

CO₂e emissions

Shows annual greenhouse gas emissions produced directly by the companies in the underlying funds and from their consumption of energy (Scope 1+2).

This metric is calculated by relating the annual greenhouse gas emissions (in tonnes, translated into CO₂ equivalents) of the underlying companies to the weight of those companies (equity exposure) in the fund/portfolio and to the size of the invested amount. The comparison with the car emissions is based on data from EEA/ICCT on average emissions for new cars sold in EU in 2016.

Why do we measure the CO₂e emissions footprint:

While it is good to turn lights off to save energy, 20 companies have alone contributed to 35% of all energy-related carbon dioxide and methane worldwide, totalling 480bn tonnes of carbon dioxide equivalents (GtCO₂e) since 1965. (Source: The Guardian)

Fossil reserves

Shows the future potential CO₂e emissions if oil, gas and coal reserves owned by the companies in the underlying funds are extracted from the ground and burned.

This metric is calculated by relating the proven and probable resources of oil, gas and coal that the underlying companies have disclosed, to the weight of those companies (equity exposure) in the fund/portfolio and to the size of the invested amount. Please note that the calculation considers the lifetime CO₂e emissions (in tonnes) associated with these reserves. The comparison with number of flights is based on calculations from ICAO.

Why do we measure the fossil reserves footprint:

While the business of extracting oil, gas and coal from the ground emits large amounts of CO₂, an even larger amount is emitted when the resources are used as fuel. Extraction companies can therefore potentially cause future emissions by extracting reserves.

What are CO₂ equivalents:

Different greenhouse gasses that contribute differently to global warming. According to the GHG Protocol, they are all converted into one measure, CO₂ equivalents:

Greenhouse gas	CO ₂ equivalent
Carbon Dioxide	1
Sulphur Hexafluoride	22.8
Methane	25
Nitrus Oxide	298
Hydro Fluoro Carbons	2.400
Per Fluoro Carbons	7.850

What are Scope 1, 2 and 3 CO₂ emissions:

- Scope 1 are direct emissions from owned or controlled sources
- Scope 2 are indirect emissions from the generation of purchased energy
- Scope 3 are all indirect emissions that occur in the value chain of the reporting company, upstream and downstream

For instance, a car manufacturer: The car manufacturer emits CO₂e when assembling cars (Scope 1). The manufacturer's suppliers emits CO₂e to generate electricity for the manufacturer production of electricity (Scope 2). A rental car provider operates the cars and emits CO₂e over the product's lifetime (Scope 3).

Waste generation

Shows how much waste the companies in the underlying funds produce annually, that is either incinerated or disposed to landfill.

This metric is calculated by relating the annual waste generation (in tonnes) of the underlying companies to the weight of those companies (equity exposure) in the fund/portfolio as well as the size of the invested amount. The comparison with number of waste bags considers that an average waste bag has 7kg and is based on data sourced from EU and Plast.dk.

Why do we measure the waste generation footprint:

With the current pace of plastic waste ending up in the oceans (equal to one garbage truck dumped in the oceans every minute), it is projected that by 2050, the total amount of plastic waste in the oceans will weigh more than all fish, and 99% of seabirds will have ingested plastics. Hence there is an urgent need to limit the waste. (Source: WWF)

Water usage

Shows how much water the companies in the underlying funds directly use or purchase annually.

This metric is calculated by relating the annual water use (in cubic meters) of the underlying companies to the weight of those companies (equity exposure) in the fund/portfolio and to the size of the invested amount. The comparison with household usage is based on average European household water consumption data from Eurostat.

Why do we measure the water usage footprint:

The fashion industry is the third largest annual user of water globally after oil and paper, responsible for more than 10% of the water used by all types of industry. Depending on materials and production processes, fashion companies can reduce their water footprint. (Source: Common Objective/WWF)

Disclaimer

Sustainability information

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The Sustainability footprint is provided solely to you. The provision of the Sustainability footprint to you does not impose any obligation on Nordea Investment Funds S.A. to allow any other than you to rely on Sustainability information, unless explicitly agreed.

Methodology – ESG overview

ESG rating

The ESG rating assesses the resilience of a fund's aggregate holdings to long-term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks. Data provided by MSCI ESG Research LLC.

ESG rating breakdown

The percentage of portfolio's market value exposed to ESG leaders (best in class companies, rated AAA or AA), average ESG performers (rated A to BB), and ESG laggards (worst in class companies, rated B or CCC) relative to the fund's benchmark. Data provided by MSCI ESG Research LLC.

Portfolio ESG scores per pillar

The environment score represents the weighted average of all Key Issues that fall under the Environment pillar. The social score represents the weighted average of all Key Issues that fall under the social pillar. Starting with a "10", the governance score is based on the sum of deductions derived from key metrics included in the corporate governance (including ownership & control, board, pay and accounting) and corporate behavior (including business ethics and tax transparency) themes. The individual pillars of the ESG scores do not add up to the aggregated Fund ESG score due to adjustment factor which takes ESG trends into account during the aggregation process. For further details, please refer to official MSCI ESG Fund Ratings methodology document. Data provided by MSCI ESG Research LLC.

ESG risk exposure

The percentage of portfolio's market value exposed to environmental, social and governance key issues. Data provided by MSCI ESG Research LLC.

Environmental characteristics

Weighted average carbon intensity (WACI):

The WACI 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 a portfolio's exposure to potential climate change-related risks relative to other portfolios or relative to a benchmark.

Calculating a portfolio's WACI is achieved by calculating the carbon intensity (Scope 1 + 2 Emissions / \$M Sales) for each portfolio company and calculating the weighted average by portfolio weight. Unlike the portfolio carbon intensity, carbon emissions are apportioned based on portfolio weights / exposure, rather than the investor's ownership share of emissions or sales. This measure is in line with the EU's non-financial reporting directive and TCFD (Task force for climate-related financial disclosure) recommendations. Emissions and

sales values for equities is sourced from MSCI, and for bonds from ISS-ESG.

Exposure to high impact fossil fuel reserves (%):

The percentage of portfolio's market value exposed to companies that own high impact fossil fuel reserves. High impact fossil fuel reserves include thermal coal, oil sands, and shale oil and shale gas. Data provided by MSCI ESG Research LLC.

Exposure to environmental controversies (%):

The percentage of portfolio's market value exposed to companies facing one or more very severe environmental controversies related to energy & climate change, land use & biodiversity, toxic spills & releases, water stress, or operational waste. Data provided by MSCI ESG Research LLC.

Social characteristics

Exposure to human rights norms violation (%):

The percentage of portfolio's market value exposed to companies in violation of international norms around human rights. Data provided by MSCI ESG Research LLC.

Exposure to human rights controversies (%):

The percentage of portfolio's market value exposed to companies facing one or more very severe human rights and community controversies related to Impact on local communities, civil liberties, or human rights. Data provided by MSCI ESG Research LLC.

Exposure to labour controversies (%):

The percentage of portfolio's market value exposed to companies facing one or more very severe labour controversies related to child labour, collective bargaining, discrimination, health & safety, labour management, or supply chain labour standards. Data provided by MSCI ESG Research LLC.

Governance characteristics

Exposure to companies with no female directors (%):

The percentage of portfolio's market value exposed to companies with no female directors. Data provided by MSCI ESG Research LLC.

Exposure to companies with a majority of independent board members (%):

The percentage of portfolio's market value exposed to companies with board independence between 50%-100%. Data provided by MSCI ESG Research LLC.

Exposure to governance controversies (%):

The percentage of portfolio's market value exposed to companies facing one or more severe or very severe governance controversies related bribery, fraud, controversial investments, and governance structure. Data provided by MSCI ESG Research LLC.

Methodology – Contribution to SDGs

Description

This report highlights how portfolio companies - through their products and services - have positive and negative impact on a total of 15 sustainability objectives covering both Social and Environmental aspects. These objectives have been developed by ISS-ESG and closely aligned with the United Nations Sustainable Development Goals. The objectives include 7 Social and 8 Environmental objectives with scores ranging from -10 to +10. The results are then compared with the benchmark.

Please note that this report does not comment on the Governance aspect as we already report on such considerations in separate reports.

As the UN SDGs primarily target states and the public sector, not all goals are relevant for companies. For this reason, ISS-ESG defined a total of 15 sustainability objectives which are closely aligned with the SDGs. They are used to assess companies' product portfolios in terms of their contribution

towards sustainable development based on their revenue weight. For each individual objective, a qualitative analysis is conducted to determine whether a product or service category contributes to or refrain from attaining the objective. As a result, the positive and negative effects of different product groups may partly cancel each other out within a given objective.

Further information on ISS-ESG and the methodology is available [here](#).

List of the 15 overarching sustainable objectives

7 Social objectives

- Alleviating poverty
- Combating hunger and malnutrition
- Ensuring health
- Delivering education
- Attaining gender equality
- Providing basic services
- Safeguarding peace

8 Environmental objectives

- Achieving sustainable agriculture & forestry
- Conserving water
- Contributing to sustainable energy use
- Promoting sustainable buildings
- Optimising material use
- Mitigating climate change
- Preserving marine ecosystems
- Preserving terrestrial ecosystems

Please note that each portfolio and benchmark are assigned a score ranging from -10 to +10 based on the above 15 sustainable objectives. For the approach to be meaningful and sound we have assumed that the minimum coverage at the fund level should at least be 60%. This means that for a fund score to be meaningful at least 60% of its holdings need to have a score.

Complete list of SDGs:



UN Sustainability Development Goals

UN Sustainability Development Goals

Corresponding ISS-ESG Sustainability Objectives

	No poverty	<ul style="list-style-type: none"> – Alleviating poverty – Providing basic services (access aspect)
	Zero hunger	<ul style="list-style-type: none"> – Combating hunger and malnutrition – Achieving sustainable agriculture and forestry
	Good health and well-being	<ul style="list-style-type: none"> – Ensuring health – Providing basic services (access aspect)
	Quality education	<ul style="list-style-type: none"> – Delivering education – Providing basic services (access aspect)
	Gender equality	<ul style="list-style-type: none"> – Attaining gender equality
	Clean water and sanitation	<ul style="list-style-type: none"> – Conserving water (quality and quantity aspect) – Ensuring health (sanitary aspect) – Providing basic services (access aspect)
	Affordable and clean energy	<ul style="list-style-type: none"> – Contributing to sustainable energy use (clean aspect) – Providing basic services (access aspect)
	Decent work and economic growth	—
	Industry, innovation and infrastructure	—
	Reduced inequalities	<ul style="list-style-type: none"> – Attaining gender equality – Providing basic services
	Sustainable cities and communities	<ul style="list-style-type: none"> – Promoting sustainable buildings – Providing basic services (access aspect regarding housing, transportation)
	Responsible consumption and production	<ul style="list-style-type: none"> – Optimising material use
	Climate action	<ul style="list-style-type: none"> – Mitigating climate change – Contributing to sustainable energy use
	Life below water	<ul style="list-style-type: none"> – Preserving marine ecosystems
	Life on land	<ul style="list-style-type: none"> – Preserving terrestrial ecosystems – Achieving sustainable agriculture and forestry
	Peace, justice and strong institutions	<ul style="list-style-type: none"> – Safeguarding peace
	Partnerships for the goals	—

Glossary

Active ownership

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

Engagement

A form of active ownership. The practice of shareholders entering into a dialogue with the management of companies to change or influence the way in which the companies are run.

NAM's engagement activities can be divided into three different categories:

1. **Investment-led engagements:** Engagement on ESG-related risks or opportunities identified by portfolio managers and financial analysts via our company assessments.
2. **Norms- and incident-based engagement:** Engagement with companies breaching the international norms or conventions or companies having ESG related incidents.
3. **Thematic engagements:** Focuses on companies' exposure to specific sustainability themes in focus. We have identified 5 focus themes: biodiversity, climate, human rights, good governance, and water. We engage with these companies both individually and through collaborative engagements.

Enhanced exclusion filters and limits

Exclusions aim at limiting the investment exposure to certain sectors or activities that may be considered to be damaging for the environment and/or the society at large. Sector screenings assess a company's involvement in a specific activity measured by the revenue derived from this activity. Sector exclusions are the result of screenings based on the data and methodology of NAM's selected data vendors. Strategies are available with different exclusion filters including ethical filters targeting tobacco, alcohol, gaming, pornography etc. In addition, some products also feature targets or limits on carbon footprint/intensity relative to benchmark, targeted minimum ESG score or other exclusion lists like the so-called "NBIM list" of the Norwegian Government Pension Fund Global or the Carbon Underground 200 list.

Environmental, Social and Governance (ESG)

Environmental (E), Social (S), and Governance (G) refer to the three main areas of analysis in modern

responsible investment. ESG risks and opportunities are identified through careful analysis of a company's operations. Environmental criteria look at how a company performs as a steward of the natural environment. Social criteria examine for instance how a company manages relationships with its employees, suppliers, customers and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls and shareholder rights.

ESG integration

The explicit inclusion of ESG risks and opportunities into traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This considers 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.

Exclusion list

NAM excludes companies involved in serious breaches of international norms, where engagement is deemed not to be possible or effective. For example, we ban investment in companies active in the production of controversial weapons, including – but not limited to – cluster munitions and anti-personnel mines, as well as nuclear weapons. NAM also does not invest in companies deriving more than 10% of their revenues from thermal coal, and excludes companies involved in the production of fossil fuels with thresholds for revenues coming from oil sands (10%) or arctic drilling (5%). The NAM level exclusion list can be found [here](#).

Integration of Principal Adverse Impact (PAI)

The environmental and social impact of the activities of all NAM investee companies is assessed on an ongoing basis through our firm-level PAI integration. Companies identified as outliers on one or more PAI indicators, are analysed further which may result in a recommendation for action. NAM's disclosure statement on the integration of Principal Adverse Impact indicators can be found [here](#).

Norms-based screening

NAM's investment products are subject to norms-based screening, which identifies companies that are allegedly involved in breaches of international laws and norms on environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, an internal assessment of the company and the incident is initiated. Typical actions can consist of engagement, quarantine or exclusion. For more information please refer to the [NAM RI Policy](#).

Paris Aligned Fossil Fuel Policy (PAFF)

In addition to the firm-wide exclusion list, a substantial and growing part of NAM's strategies is also subject to our Paris-Aligned Fossil Fuel Policy (PAFF), which sets thresholds for companies' exposure to fossil fuel production, distribution and services and excludes companies that are involved beyond these thresholds if they do not have a documented transition strategy that aligns with the Paris agreement. Funds for which the PAFF is not implemented as a hard exclusion criterion, the PAFF acts as guidance for engagement. PAFF criteria also inform the prioritisation of our top-down thematic engagements. The PAFF policy and list of Paris-aligned issuers can be found [here](#).

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly in 2015. The SDGs are part of Resolution 70/1 of the United Nations General "Transforming our World: the 2030 Agenda for Sustainable Development". The goals are an urgent call for action by all countries – developed and emerging – in a global partnership. They recognised that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all the while tackling climate change and working to preserve our oceans and forests.

Thematic strategies

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

Overview of Investment Strategy*

This fund aims to achieve long-term capital growth through a diversified portfolio of equity or equity related investments in companies. The fund focuses on selecting businesses which provide social solutions, creating a positive impact on the society while generating sustainable returns. We believe our fundamental bottom-up approach coupled with our internal ESG expertise will be key for our investors

and the society as a whole to reap the benefits of this under researched theme. We define our investment universe in 3 themes and 9 strategies which are strongly aligned with the United Nation Sustainable Development Goals. Actively managed. Benchmark used for performance comparison only. Risk characteristics of the fund's portfolio may bear some resemblance to those of the benchmark.

* There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money.

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