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ESG Report

Nordea 1 – Nordic Stars Equity Fund

First quarter 2022



Nordea
ASSET MANAGEMENT

Overview

Sustainability footprint	3
Overview of ESG characteristics	4
ESG overview	5
Environmental, social and governance indicators	6
Contribution to SDGs	7
Sustainability score details	8
Active ownership	9
Engagement cases	10
Appendix	A1–A7

Sustainability footprint

The sustainability footprint of EUR 100,000 invested in

Nordea 1 – Nordic Stars Equity Fund

LU1079987720 (BP-EUR) / LU1079987134 (BI-EUR)

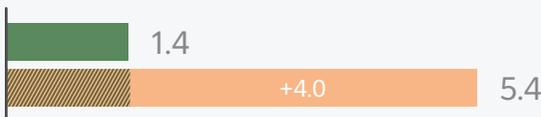
For illustrative purposes only

■ Nordea 1 – Nordic Stars Equity Fund

■ Illustrative Benchmark: NASDAQ OMX Nordic 120

CO₂ emissions¹ **1.4 t**

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



4.0 tonnes less than illustrative benchmark

1) Measured as CO₂-equivalent greenhouse gas emissions

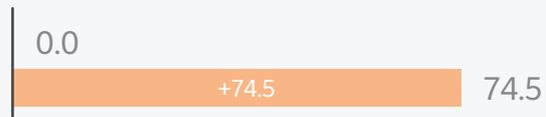
2.6



The equivalent of annual CO₂ emission from 2.6 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.



74.5 tonnes less than illustrative benchmark



106x
CPH/BKK

Equal to 106 Copenhagen-Bangkok flights

Waste generation **0.2 t**

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



0.1 tonnes less than illustrative benchmark

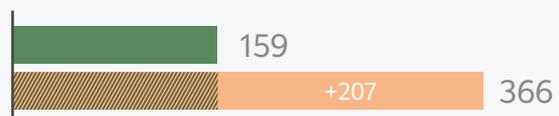
14



Equal to approx. 14 waste bags avoided

Water usage **159 m³**

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



207m³ less than illustrative benchmark



1.4

The equivalent of the water used by 1.4 households

This sustainability footprint overview is prepared by NASDAQ based on analysis of Nordea 1 – Nordic Stars Equity Fund's holdings as of 31.03.2022. The analysis is based on the equity investments in the fund and the holdings are compared to the NASDAQ OMX Nordic 120, 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.

Active ownership

Corporate-level exclusion list

Norms-based screening

ESG integration

Corporate level PAI

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 enhanced STARS range



Coal^{2*}



Nuclear weapons⁶



Conventional³ oil & gas / unconventional⁴ oil & gas



Conventional weapons^{**}



Controversial weapons⁵



Tobacco^{*}

* 5% revenue threshold on production ** 10% revenue threshold on production.

SFDR classification: Article 8

The fund is categorised as an Article 8 product based on Sustainable Finance Disclosure Regulation (SFDR) and adheres to the below characteristics:

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

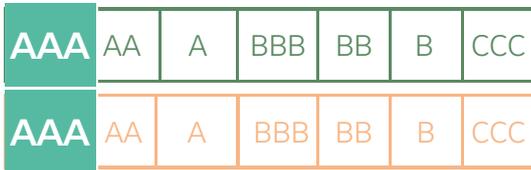
Find out more about RI at Nordea Asset Management:

- » [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) 0% revenue threshold. 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. For more information on sustainability-related aspects of the fund, please visit nordea.lu/legal.

ESG overview

ESG rating⁷

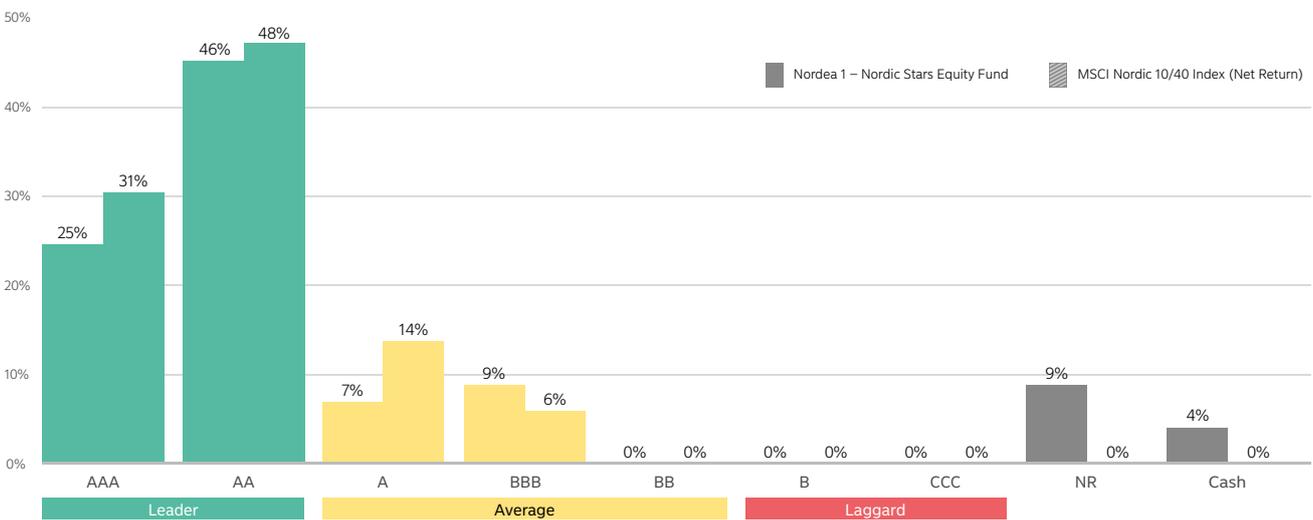


■ Nordea 1 – Nordic Stars Equity Fund ■ MSCI Nordic 10/40 Index (Net Return)

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.

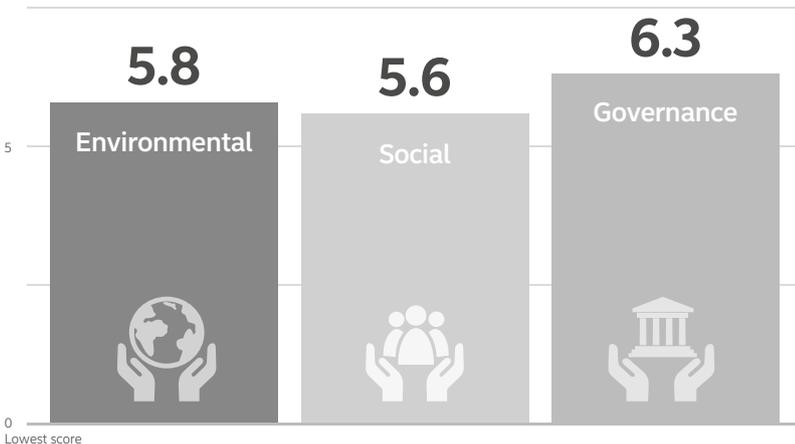
Please note that the MSCI ESG rating is mainly backward looking, relying mainly on publicly available information and can differ from Nordea's internal ESG scoring which is based on a forward-looking approach.

ESG Rating breakdown⁷

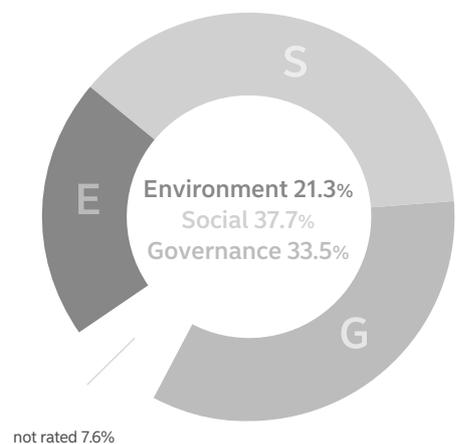


ESG scores by pillar⁷

10 Highest score
0 Lowest score



ESG risk exposure⁷



7) ©2022 MSCI ESG Research LLC. Reproduced by permission.

ESG indicators

Environmental indicators

■ Nordea 1 – Nordic Stars Equity Fund ■ Benchmark⁸⁾

42t



0.0%



0.0%



90 t



2.1%



0.8%



Weighted Average Carbon Intensity (tCO₂e/USD million)

The WACI measures a portfolio's exposure to carbon intensive companies.

Exposure to high impact fossil fuel reserves

The percentage of portfolio's market value exposed to companies that own high impact fossil fuel reserves.

Exposure to environmental controversies

The percentage of portfolio's market value exposed to companies facing one or more very severe environmental controversies.

Social indicators

0.0%



0.0%



4.0%



0.0%



2.2%



5.8%



Exposure to human rights norms violation

The percentage of portfolio's market value exposed to companies in violation of international norms around human rights.

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.

Exposure to labour controversies

The percentage of portfolio's market value exposed to companies facing one or more very severe labour controversies.

Governance indicators

0.0%



76.8%



0.0%



0.0%



80.9%



3.0%



Exposure to companies with no female directors

The percentage of portfolio's market value exposed to companies with no female directors.

Exposure to companies with a majority of independent board members

The percentage of portfolio's market value exposed to companies with board independence above 50%.

Exposure to governance controversies

The percentage of portfolio's market value exposed to companies facing one or more severe or very severe governance controversies.

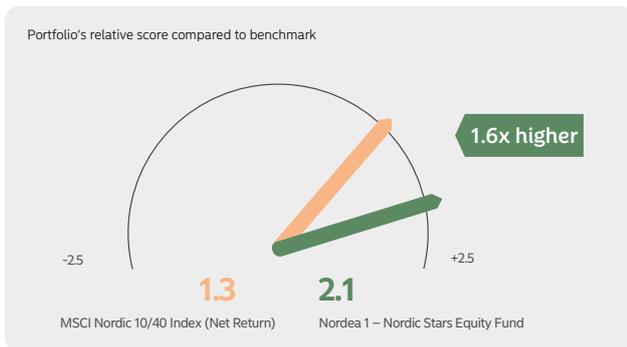
8) As measured by the Xtrackers MSCI Nordic UCITS ETF. Source: MSCI ESG Research LLC, as of 31.01.2022. ©2022 MSCI ESG Research LLC. Reproduced by permission. Portfolio coverage 100.00%.

Weighted Average Carbon Intensity based on MSCI Nordic 10/40 Index (Net Return) as of 31.03.2022. 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 1.6x 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.

Exposure to the 7 social objectives⁹

The contribution of the portfolio to the 7 social objectives is 1.2x 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. Safeguarding peace
3. Providing basic services

Top contributors

1. **Novo Nordisk B** (DK, Health Care)
2. **Vestas Wind Systems** (DK, Industrials)
3. **Tomra Systems** (NO, Industrials)

Notes

Benchmark	MSCI Nordic 10/40 Index (Net Return)
Portfolio coverage	93%
Benchmark coverage	100%
Portfolio holdings	29

Exposure to the 8 environmental objectives⁹

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



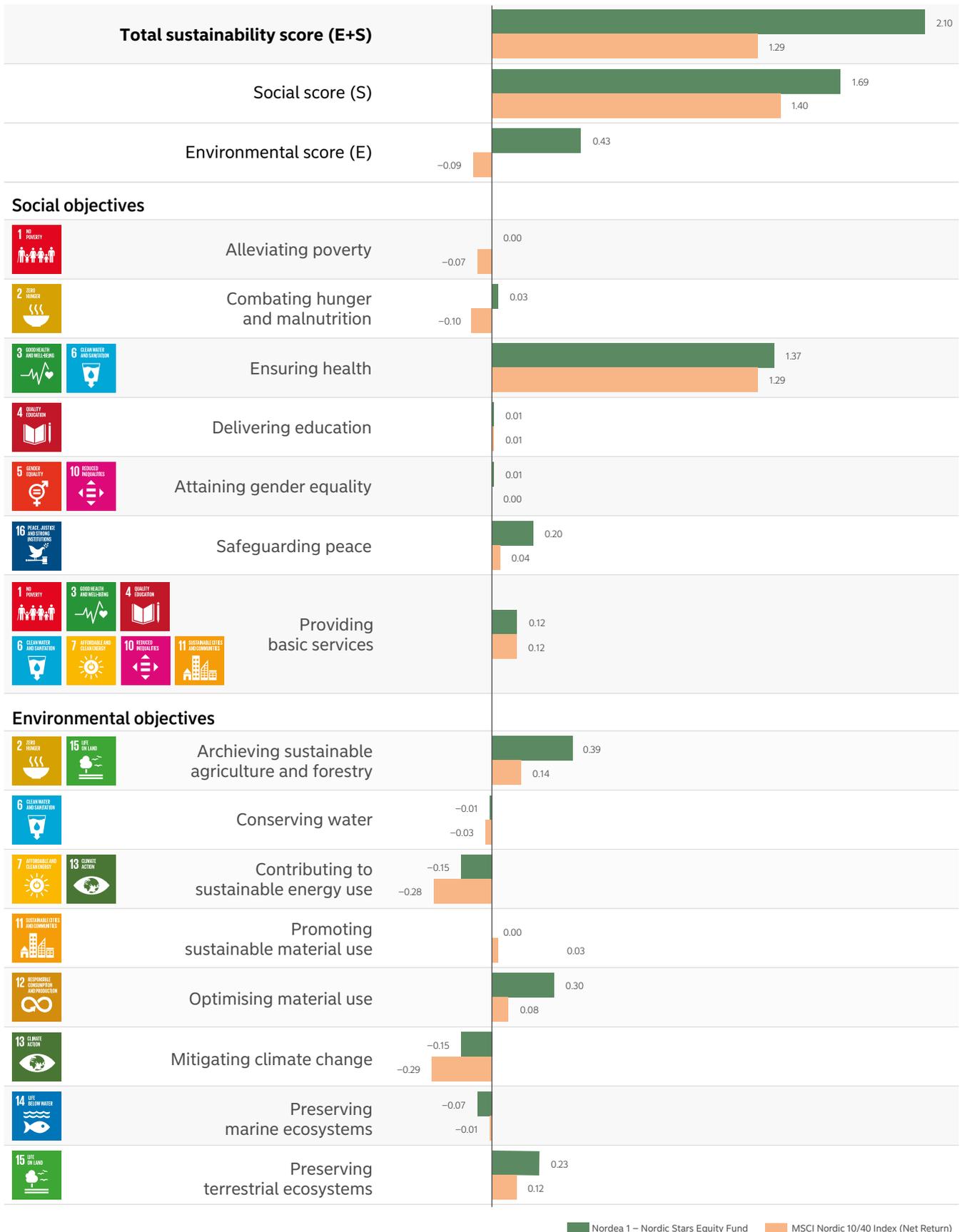
Comparison with other financial products or benchmarks is only meant for indicative purposes.

Top 3 environmental objectives

1. Achieving sustainable agriculture and forestry
2. Optimising material use
3. Preserving terrestrial ecosystems

9) 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



■ Nordea 1 – Nordic Stars Equity Fund ■ MSCI Nordic 10/40 Index (Net Return)

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](#).

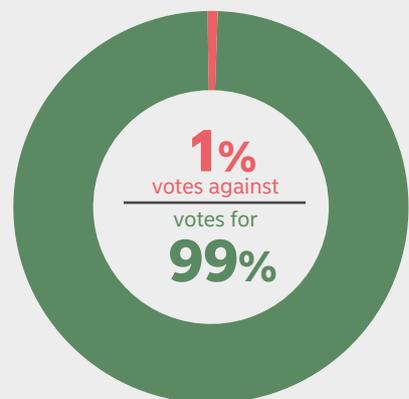
Engagement is the next step of being an active owner and is a crucial component of our RI philosophy and framework. Our engagement activities fall into one

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

Novo Nordisk A/S

Nordea ESG scoring ¹⁰	Proxy Voting ¹¹	SDG Engagement	Engagement topic
A	✓	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="display: flex; align-items: center;"> <div style="background-color: #e31a1c; color: white; padding: 2px 5px; font-weight: bold; margin-right: 5px;">5</div> Gender equality </div> <div style="display: flex; align-items: center;"> <div style="background-color: #2e8b57; color: white; padding: 2px 5px; font-weight: bold; margin-right: 5px;">3</div> Good health and well-being </div> <div style="display: flex; align-items: center;"> <div style="background-color: #0056b3; color: white; padding: 2px 5px; font-weight: bold; margin-right: 5px;">16</div> Peace, justice and strong institutions </div> </div>	Access & Affordability, Diversity, Sustainability governance, Executive remuneration

Overview

Novo Nordisk A/S develops, produces, and markets pharmaceutical products. The company is one of the world’s leading producers of diabetes therapies including human insulin, insulin analogues, and injection devices. Novo Nordisk also works in areas such as obesity, haemostatics management, growth disorders, and hormone replacement therapy. Novo Nordisk markets worldwide.

Background

Novo Nordisk is responsible for about 30% of insulin treatments globally, with its biggest presence in the United States and China. Insulin was discovered a hundred years ago and since then has saved tens of millions of lives as a treatment for the once-fatal disease of diabetes. Despite the solid business ethics program and extensive access and affordability strategy, Novo Nordisk has a track record of allegations on unethical pricing practices. The company faces ongoing lawsuits alleging that it colluded with other drug manufacturers in the United States to set artificially high prices for insulin and other diabetic treatments.

In December 2021 Democrats on the House Committee on Oversight and Reform released a final majority staff report concluding 3-year investigation into pharmaceutical pricing and business practices. The report draws from 1.5 million pages of internal company documents and shows that firms “raised their prices in lockstep in order

to maintain pricing parity,” with senior executives encouraging the practice. The report is used in the political negotiations on a future bill with provisions on the protection of insulin affordability in the country. In most developed countries governments regulate the price of insulin.

The business case for inclusion and diversity has always been strong. Diverse companies create good inclusive corporate culture and are likely to outperform industry peers on profitability. This applies to the pharmaceutical companies too.

We believe that effectively and meaningfully incorporating relevant sustainability targets in executive remuneration, both long- and short-term, would help the company to convince investors that the sustainability agenda is a top priority and it is well integrated in the corporate strategy. It would also prepare the company for potential regulatory requirements in this area which we might see in the future.

The Engagement

This quarter we met Novo Nordisk representatives to discuss the new treatment solutions for obesity, its challenges and opportunities, political price pressure in the main insulin markets, the new management incentive program as well as company’s gender diversity work. We wanted to better understand the impact and outlook of the government action on insulin prices in the United States, in particular the Build Back Better (BBB) Act provisions

on prescription drug prices, and in other relevant markets. Moreover, we wanted to see that the company is well positioned to address these. We also expressed our expectations on the continued focus on diversity issues and setting clear thresholds for sustainability KPIs in the executive remuneration.

Outcome

The price of insulin has seen a significant decline in the United States over the past few years. It is now coming closer to the European price according to the company. Novo Nordisk has created an access and affordability strategy that covers low- and medium-income countries as well as vulnerable groups in the United States. Some examples of the tools adopted are the Changing Diabetes® in Children partnership, Access to Insulin Commitment or Patient Assistance Program. Company’s access and affordability efforts today reach more than 5 million patients which represent about 14% of the people who use Novo Nordisk’s diabetes care products globally.

The company is in the process of conducting its vulnerability assessments (67 countries in 2021, 21 countries in 2020) and confirmed to us that it will finalise the work this year. The strategy will be consequently updated and specific affordability plans will be put in place based on the outcome of this work. We will have a follow up meeting to discuss the details once the assessments have been conducted.

10) Current scoring, based on Nordea proprietary ESG model. 11) 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](#).

The political interest in the topic will continue, in particular in the US, and the prescription drug provisions from the BBB Act will most likely be implemented in some form. Moreover, China with its latest volume-based procurement (VBP) scheme is another example of a big market starting to push the price of insulin down. The company does not expect that to end any time soon.

We also discussed the challenges which Novo Nordisk has in terms of deeply integrating sustainability into the daily

business. The management incentive program has been recently updated and it includes elements of purpose & sustainability as well as innovation & therapeutic focus areas linked to the remuneration alongside financial targets. The link is applied to both short- and long-term incentives. We would like to see more clarification from the company on those non-financial targets and thresholds used in the long-term incentive plan. We will have a follow up discussion on this.

Novo Nordisk continues its efforts to improve diversity and inclusion. There has been a positive trend towards the company’s aspirational target of 45% in senior leadership positions. Furthermore, progress of diversity and inclusion has been anchored in both short-term and long-term incentive programmes and the company follows up and tracks progress on a regular basis.

Neste Oyj

Nordea ESG scoring ¹⁰	Proxy Voting ¹¹	SDG Engagement	Engagement topic
B+	✓	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="display: flex; align-items: center;"> <div style="background-color: #800000; color: white; padding: 2px 5px; font-weight: bold; margin-right: 5px;">13</div> <div>Climate action</div> </div> <div style="display: flex; align-items: center;"> <div style="background-color: #FFA500; color: white; padding: 2px 5px; font-weight: bold; margin-right: 5px;">11</div> <div>Sustainable cities and communities</div> </div> <div style="display: flex; align-items: center;"> <div style="background-color: #000080; color: white; padding: 2px 5px; font-weight: bold; margin-right: 5px;">7</div> <div>Affordable and clean energy</div> </div> </div>	Climate, Emissions reductions, Scope 3, Plastic recycling

Overview

Neste Oyj is a Finnish oil refiner committed to a green energy strategy to lower carbon emissions. The state-controlled firm focuses on refining, marketing, and shipping oil products, including gasoline, biodiesel fuel, and lubricants. Neste primarily sells its products domestically but also exports to customers in North America and Europe. It operates about 850 gas stations in Finland, and almost 320 outside the country.

Background

Demand for renewable fuel is growing substantially supported by higher climate ambitions and supportive regulation. Neste is the world’s largest producer of renewable diesel and sustainable aviation fuel which is refined from waste and residues. The company also has a substantial volume of traditional oil refinery products and it aims at transforming its oil refining and distribution towards lower-emission feeds and carbon neutral production.

The Engagement

We have had regular dialogue on climate risks and opportunities with Neste since 2020 when Neste received an investible ESG rating. In multiple meetings with the company’s Head of Sustainability we have been assessing Neste’s climate ambition, strategy to execute on it and the progress made. In the course of our discussions we stressed the need for long-term targets and for including Scope 3 emissions in the company’s climate commitment. We also encouraged the company to provide more transparency into the main contributors to the reduction of emissions intensity and into climate profiles of its feedstock.

Outcome

The company closed down its first crude oil refinery at Naantali in 2021 and it made significant efforts to decarbonise its refinery in Porvoo. At the end of last year, the EU Innovation Fund has given a positive grant decision of EUR 88 million funding to Neste’s green hydrogen

and CO₂ capture & storage project at the refinery in Porvoo. The project introduces carbon capture and storage (CCS) and electrolysis solutions that allow decarbonisation of production and aims to create Europe’s most sustainable refinery by 2030. The project will strongly contribute to the reaching of both Finland’s and the EU’s climate targets and has a significant role in Neste’s target of carbon neutral production by 2035.

Neste has been on track with their existing climate commitments to reduce own emissions and reach carbon neutral production (Scope 1 & 2) by 2035, and to help their customers reduce their greenhouse gas emissions by at least 20 million tons CO₂e annually by 2030. In late 2021, the company extended its climate commitments to also include Scope 3 emissions. Neste aims at reducing the use phase emission intensity of sold products by 50% by 2040 compared to 2020 levels. This target will be achieved through Neste’s transformation towards increasing the share of renewable and circular solutions in its offering, as well as

10) Current scoring, based on Nordea proprietary ESG model. 11) 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](#).

working with their suppliers and partners to reduce emissions across their value chain. Changes investment criteria and incentives to reflect ambitions

For airlines, sustainable aviation fuel (SAF) is the most straightforward technological option for carbon reduction at this stage. The International Air Transport Association expects SAF to account for 65% of the carbon reduction of airlines in 2050. Neste is building up a SAF offering capacity with projects in Singapore and Rotterdam and

signing partnerships with major airlines. Neste expects to achieve a SAF production capability of 1.5 million tons annually by the end of 2023.

This quarter the company has also successfully concluded first series of processing trial runs at industrial scale with liquefied waste plastic and introduced electric charging service for logistics companies in Finland.

We would like to see the company targets to be externally verified and we

will continue to closely monitor Neste’s efforts to reach carbon neutral production and to grow biofuels. We are now planning a follow-up meeting to discuss the company’s response to the recent policy update by the Science Based Target initiative to not validate targets from fossil fuel companies as well sustainable aviation fuel and plastics recycling capacity development.

Nokia OYJ

Nordea ESG scoring ¹⁰	Proxy Voting ¹¹	SDG Engagement	Engagement topic
A	✓	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="background-color: #f96; padding: 2px 5px; display: inline-block;">11</div> Sustainable cities and communities </div> <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="background-color: #003366; color: white; padding: 2px 5px; display: inline-block;">17</div> Partnerships for the goals </div>	Business ethics, Compliance, High risk markets, Human rights

Overview

Nokia is one of the world’s leading makers of the telecommunications infrastructure of mobile phone networks. One of the leading mobile phone handset manufacturers, its current businesses are Networks, which provide a wide range of professional services, Nokia Software which offers the cloud core software portfolio and Nokia Technologies, its research and development and intellectual property rights unit. First incorporated in the Finnish city it is named after, Nokia has operations and customers in approximately 120 countries. Finland’s largest company, Nokia redoubled its commitment to telecom infrastructure with its acquisition of the telecom-equipment maker Alcatel-Lucent in 2016.

Background

The Information Communication Technology (ICT) sector has a major role to play in digital inclusion which is fundamental in today’s society. ICT facilitates access to information, work and education opportunities, helps bridge divides and enables more

resilient recovery from events, e.g., COVID-19. However, 40% of humans still do not have access to the digital world. While almost 90% of people use Internet in developed countries, this is only roughly 50% in the developing countries and less than 30% in the least developed countries.

Corruption and unethical business practices hinder economic and social development. They often affect fragile communities and undermine democratic institutions. Investors call for more transparency around business practices and for companies to have zero-tolerance policies for corruption and other misconduct and to build strong corporate culture around business ethics and compliance. Failing to do so puts companies at risk of losing trust and reputation, increasing costs and losing licenses to operate. This is even more important for companies with business operations in high-risk countries.

The Engagement

Following the latest media developments around Ericsson, we decided to

reach out to Nokia and request a dialogue about company’s business ethics and compliance programmes. We wanted to confirm that company’s presence in high risk countries has been managed with adequate measures. We have also taken this opportunity to follow up on company’s actions in response to the Russian invasion of Ukraine.

Outcome

According to the company, business ethics and compliance have been somewhat overlooked by the telecom industry in the past. Nonetheless, Nokia has not had any major compliance incidents and reported that there has been instances where the company did not win some deals because it decided to uphold its integrity and strong compliance culture. However, some of the acquisitions by Nokia, i.e., both Siemens and Alcatel Lucent, have not been short of issues. Nokia believes that good business conduct gives a license to operate, in particular in high risk regions, and that this is about ethics, surveillance and training. A company needs to have a zero tolerance for misconduct. Nokia’s

10) Current scoring, based on Nordea proprietary ESG model. 11) 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](#).

CEO is very clear about it according to the company and the basic elements of it such as policy, people and culture seem to be in place given the evidence of whistle blower use.

In the course of integrating Alcatel Lucent business Nokia became aware of certain practices related to compliance issues at the former company which raised concerns. Nokia voluntarily reported the matter to the relevant regulatory authorities and has been cooperating with them to resolve the matter. We see it as a positive signal and demonstration of company's proactive work in the area of business ethics.

We have encouraged Nokia to consider including business ethics and compliance-related KPIs in executive remuneration, alongside climate and diversity, as we have seen in other telecom companies. We will continue the discussion on this topic.

The company could not give us all the answers in relation to its business in Iraq and Syria at the time of our meeting as it was still investigating the issue. We have reached out with follow up questions on this topic.

Nokia has been prioritising the safety of their employees in Ukraine and supporting them with logistical and financial assistance as well as establishing a crisis team in close contact with their people to offer any additional help. Their focus has also been on ensuring that the company complies with all sanctions and restrictions in Russia. The company has suspended its deliveries to Russia for the time being and is ending cooperation with Russian partners in the supply of products for 4G and 5G infrastructure.

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

The information Nordea Investment Funds S.A. is providing to you as part of their services on specific legal entities' sustainability (the "Sustainability footprint") is based on third party information provided to or obtained by Matter from either publicly available sources on sovereign topics, third-party analysis or as third-party evaluation on corporate topics.

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The Sustainability footprint does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities or other financial instruments in the legal entities to which the Sustainability footprint is provided on, nor shall it or any part of it be relied on in connection with any contract commitment or investment decision in relation thereto. Wording in the Sustainability footprint, including titles of the flags used are only intended for the purpose of providing an impression of the legal entities' compliance with ESG factors chosen by Matter and do not serve as a proof or detailed description of any of the issues described.

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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.

ESG STARS strategies

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

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

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 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 recognise 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.

Overview of Investment Strategy*

This Sub-fund aims to achieve long-term capital growth by investing mainly in a diversified portfolio of equity or Equities Related Securities of companies, which are domiciled or exercise the predominant part of their economic activity in the Nordic countries. The fund is managed by the Fundamental Equities Team, based in Stockholm, focusing on fundamental bottom-up research.

Alpha is generated through stock selection and by actively incorporating an ESG based analysis as part of the investment process. 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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