



Sustainability Exposure Report

Third quarter 2019

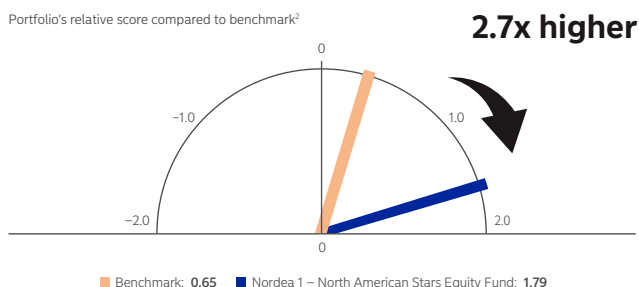
Nordea 1 – North American Stars Equity Fund¹

This report highlights how portfolio companies - through their products and services - have positive and negative impact on a total of 15 sustainability objectives which are closely aligned with the United Nation Sustainable Development Goals. The results are then compared with the benchmark. While engagement is always Nordea Asset Management preferred approach, we have made a corporate-level decision to exclude certain stocks, sectors, and practices across our entire active fund range. We have therefore banned investment in companies active in the production of illegal or nuclear weapons, including cluster munitions and anti-personnel mines, as well as companies involved in the maintenance of nuclear weapons. In a similar fashion, none of our funds invest in companies deriving more than 30% of their revenues from coal (including metallurgical coal), more than 10% from thermal coal, or more than 10% from oil sand. Our detailed RI policy and our corporate exclusion list are publicly available at [nordea.com](https://www.nordea.com/en/sustainability/sustainable-business/investments/exclusion-list/). (<https://www.nordea.com/en/sustainability/sustainable-business/investments/exclusion-list/>)

Total net 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 2.7x higher than the benchmark.



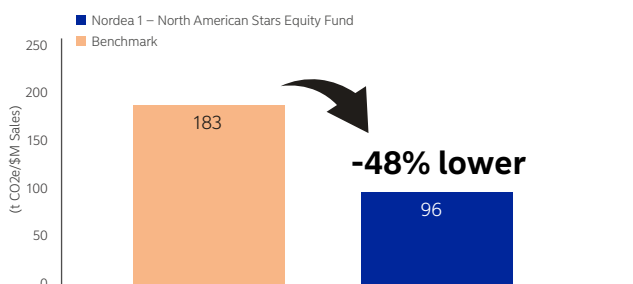
² The relative score is calculated as follows: (Portfolio net score) / (Benchmark net score). Should the score of the benchmark be close to nil the relative score multiple might be distorted. **Comparison with other financial products or benchmarks is only meant for indicative purposes.**

Top contributors

- 1. Varian Medical Systems** (US, Healthcare equipment). The company mainly contributes to the social objective "Ensuring Health" through the provision of solutions (hardware and software products for treating cancer with radiotherapy) to the major challenges posed by health problems and diseases
- 2. AbbVie** (US, Pharma & Biotech). The company mainly contributes to the social objective "Ensuring Health" through the provision of prescription pharmaceuticals.
- 3. Gilead Sciences** (US, Pharma & Biotech). The company mainly contributes to the social objective "Ensuring Health" through the provision of prescription pharmaceuticals.

Carbon footprint

The fund has a carbon footprint -48% lower than the benchmark.



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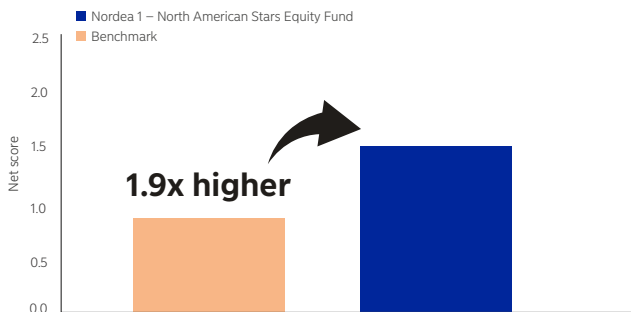
¹ With effect as of 19/11/2018 the sub-fund is renamed from Nordea 1 – North American All Cap Fund to Nordea 1 – North American Stars Equity Fund and the investment policy of the sub-fund was modified.
² Note: Scope 1 & 2. Data as at 30.09.2019. The carbon footprint metric relies on carbon data gathered 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: https://www.nordea.lu/documents/responsible-investments---carbon-footprint-disclosure/RI-CFD_eng_INT.pdf/. Source: Nordea Investment Funds S.A., MSCI Inc.

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| Notes | |
|--------------------|---------------------------------------|
| Benchmark | Russell 3000 Index - Net Return Index |
| Portfolio coverage | 98% |
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| Portfolio holdings | 58 |

Exposure to the 7 social objectives³

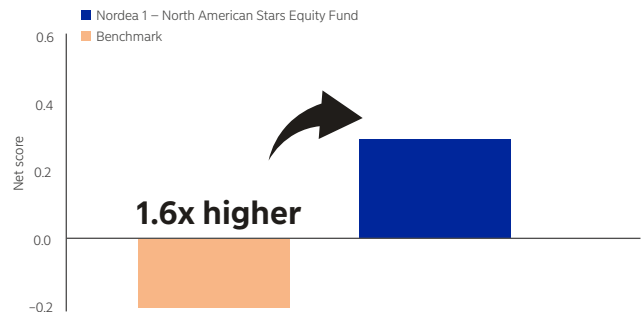
The contribution of the portfolio to the 7 social objectives is 1.9x higher than the benchmark.



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

Exposure to the 8 environmental objectives³

The contribution of the portfolio to the 8 environmental objectives is 1.6x 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. Safeguarding peace

Main SDGs exposure



Top 3 environmental objectives

1. Mitigating climate change
2. Contributing to sustainable energy use
3. Achieving sustainable agriculture and forestry

Main SDGs exposure



Portfolio Company highlight: AbbVie

AbbVie Inc. discovers, develops, manufactures, and sells pharmaceutical products worldwide. Abbvie focuses on immunology, kidney disease, liver disease, neuroscience, oncology and women's health. Abbvie's most important product Humira, which is approved for the treatment of several autoimmune diseases, accounted for 65.3% of Abbvie's total revenues in 2017. Furthermore, the company produces pharmaceuticals for treating HIV, which continues to be a major public health issue, especially in Sub-Saharan Africa, where about 70% of the people affected globally live, according to the WHO. To address this problem, Abbvie has granted the Medicines Patent Pool a royalty-free, non-exclusive licence for its HIV pharmaceuticals Lopinavir/Ritonavir for Sub-Saharan Africa. Moreover, according to Abbvie, nearly 250 researchers work, at least to some extent, on neglected tropical diseases, which appears to be comparatively comprehensive.

Complete list of SDGs:



Source: [un.org/development/desa/en/news/sustainable/sustainable-development-goals.html](https://www.un.org/development/desa/en/news/sustainable/sustainable-development-goals.html)

³ Please note that the total sustainability score is the sum of the social and environmental scores and may slightly differ due to rounding differences. Should the benchmark score be negative the multiplier is calculated as follow: (Portfolio score + 1)/(Benchmark score + 1). Further information on SDGs is available at <https://www.un.org/development/desa/en/news/sustainable/sustainable-development-goals.html>. Sources: Nordea Investment Funds S.A., ISS-oekom, United Nations Sustainable Development Goals.

Description of ISS-oekom methodology

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-oekom and closely aligned with the United Nation 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 of the goals are relevant for companies. For this reason, ISS-oekom 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 the company and the methodology is available at: <https://www.issgovernance.com/esg/impact-un-sdg/>

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.

UN Sustainable Development Goals

Corresponding ISS-oekom 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 | — |

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