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COP 26: Addressing climate change needs social change as well as environmental

Nordea 1 – Global Climate and Social Impact Fund

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The 26th UN Climate Change Conference (COP 26) sees experts from around the world gathering in Glasgow, UK. They will discuss the actions needed to reduce human impact on the environment and the structural commitments required to reduce our reliance on fossil fuels. While combating climate change is still a top priority, this year there is an added focus on a “just transition”.

The Covid-19 pandemic has thrown a spotlight on social inequalities and injustices. The challenges posed by lockdowns, loss of income and changing ways of doing business have hit certain segments of society much harder than others, showing clearly how precarious the lives of many people really are. As we transition to a more sustainable economy, we must ensure that this is done in a way that doesn't disadvantage certain segments of society. One of the key themes being raised around COP 26 is how to ensure not only that we make a **green transition** but that it must be a **just transition**, promoting greater equality, more supportive labour rights, and a more equitable society.

The opportunity of building an Inclusive Green Economy

The United Nations consider Inclusive Green Growth as the pathway to sustainable development because it is:

Necessary : ensuring a decent future for everyone

Efficient: resulting in better economic outcomes

Affordable: generating new economic opportunities

However, these are not two separate sets of issues: they are highly interconnected. Climate change affects our societies through changes in water, air, food, ecosystem, livelihoods and infrastructure. The European Environment Agency has recognized this in its definition of a green economy – one that combines resource efficiency with ecosystem resilience and people's well-being. We cannot solve one side of the equation without addressing the other. A **just transition** is key to ensure that the transition towards a climate-neutral economy happens in a fair way, leaving no one behind.

Nordea Asset Management's recent survey of 1200 retail investors across Europe highlighted that climate change is a key focal point for 63% of retail investors across the age bands, but that social challenges are getting traction among younger investors who see them as the main investment opportunity in the next 5 years.

This is why at Nordea we decided to launch the **Nordea 1 - Global Climate and Social Impact Fund** ahead of COP 26. This fund allows investors to become active participants in the transition towards an Inclusive Green Economy, as it aims to deliver financial returns by investing in businesses that provide meaningful solutions to meet pressing environmental and social needs.¹

Our path towards an Inclusive Green Economy is built on four steps aiming to create sustainable value¹:

- **Challenges:** We identify specific pressing social and environmental issues
- **Solutions:** We select companies offering solutions that create sustainable value
- **Outcomes:** We measure tangible effects of the solution
- **Impact:** We measure the positive change created by the solutions in which we invest

1) 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.

We have identified an investment universe covering four themes with 14 sub-strategies (shown below). This proprietary universe is closely aligned with the United Nations' Sus-

tainable Development Goals (SDGs) and the SDG framework is our main compass to assess, improve and report on our portfolio's sustainable development impact.

Themes	 Health and Wellbeing	 Inclusion and Opportunity	 Sustainable Living	 Low Carbon Economy
Goals	Improved life quality and expectancy	Opportunities to enhance human lives and businesses	Responsible production and consumption patterns	Low carbon-intensity and energy-efficient solutions
Strategies	<ul style="list-style-type: none"> Healthy Living Life Science Health Care 	<ul style="list-style-type: none"> Inclusive Finance Knowledge & Skills Housing, Comfort & Security Business Enablers 	<ul style="list-style-type: none"> Sustainable Food System Circular Economy Water & Sanitation 	<ul style="list-style-type: none"> Green Construction Intelligent Industry Clean Mobility Smart Energy System
SDGs	  	  	  	  

Source: Nordea Investment Management AB and UN: <https://sdgs.un.org/>

Fund information

With the **Nordea 1 - Global Climate and Social Impact Fund** investors can play an active role in the transition towards an inclusive green economy, planting the seed for a greener, fairer and more efficient society.

- Outcome-oriented strategy seeking solutions to pressing social AND environmental challenges
- Bottom-up high-conviction global equity portfolio of around 60 holdings
- Managed by an experienced team with over €24bn AuM mainly in ESG strategies

- Drawing upon the expertise of NAM's award-winning RI Team, using full ESG integration, engagement and impact measurement techniques
- Built on the team's previous successes in these investment themes

Together, we make a difference with your investment.

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