



# Responsible Investments Report 2024

Advertising for professional investors only

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

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## Nordea

Nordea is the largest financial services group in the Nordic region (approx. 10 million personal customers and 600,000 corporate customers<sup>1</sup> and one of the biggest banks in Europe. We want to make a real difference – for our customers and for the communities in which we operate – by sharing our extensive expertise based on 200 years in the banking business.

## About Nordea Asset Management<sup>2</sup>

Nordea Asset Management (NAM) is part of the Nordea Group. We are an active asset manager with a global business model, offering services to institutional clients in Europe, the Americas and Asia. We manage investments across the full spectrum of asset classes. Our third-party distribution franchise services a wide range of international fund distributors, including many of the leading global wealth managers. We distribute our products through banks, asset managers, independent financial advisors, insurance companies and family offices. Our client base is equally split between Nordea Group-related and external clients. With EUR 286bn (31 December 2024) in assets under management, we have been experiencing strong growth over the past decade.

1) As at 31.12.2024. 2) Nordea Asset Management it is the functional name of the asset management business conducted by the legal entities Nordea Investment Funds S.A. and Nordea Investment Management AB and their branches and subsidiaries. Nordea Investment Funds S.A. is the management company and Nordea Investment Management AB is the investment manager of all funds belonging to NAM.

Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

# Facing forward

## Steady at the helm: NAM is staying the course with sustainable investment



As we present this report in early 2025, the world of responsible investing continues to evolve rapidly. Indeed, we have witnessed continued demand for our responsible investment solutions despite ambiguity and skepticism in some quarters.

In 2024, NAM raised nearly €5 billion in new sustainability-focused mandates, demonstrating the trust our clients place in our ability to integrate sustainability considerations into robust investment strategies – and to their commitment to decarbonization and responsible investment.

We are especially proud of the broad range of major mandates we secured across geographies. From a large German pension fund investing over €1 billion in our European Stars Equity Strategy to a major Northern European pension fund allocating more than €2 billion to our Global Impact Strategy; investments also came in from the US, UK, France, Japan and beyond. These partnerships underscore the global appeal of our sustainability-focused offerings. In 2024, we witnessed particular interest for customized solutions focused on decarbonization objectives, and we have worked with many clients to meet these needs.

Our commitment to Responsible Investment extends beyond our products. Last year, we led 1393 engagements, including a collaborative effort representing over € 3.7 trillion in AuM

focused on improving disclosures and reducing methane emissions in the energy, utilities, and waste management sectors. NAM was awarded the prestigious PRI Award “Recognition for Action – Climate” for this effort.

Other notable independent honours include “Fund of the Year” at the Environmental Finance 2024 IMPACT Awards for Nordea 1 – Global Impact Fund and “Best ESG European Equity Fund” at MainStreet Partners ESG Champions 2024 awards for Nordea 1 – European Stars Equity Fund. NAM was also ranked 4<sup>th</sup> Best Asset Manager in the World for Responsible Investment Commitment by RIBI (Responsible Investment Brand Index 2024) based on both RI brand and RI commitment. Additionally, we became a signatory of the Operating Principles for Investment Management (OPIM) for our Global Impact Strategy, reinforcing our commitment to rigorous impact measurement and management practices.

By year-end 2024, our ESG assets – comprising Article 8 and 9 funds under the EU’s Sustainable Finance Disclosure Regulation – reached approximately €212 billion, representing over

70% of our total AuM. This reflects our firm-wide commitment to responsible investing and our clients' continued appetite for sustainable financial products.

Looking ahead to 2025, we are embracing new regulatory standards, including the ESMA naming requirements, which will further distinguish NAM's exceptional product lineup in the marketplace. Since NAM SFDR Article 8 and 9 funds already uphold a high standard of sustainability, we expect marginal, or no impact on our funds and their investment universe. At the time of writing this report, we are in the process of getting regulatory approval to add or keep the term "sustainable" for many funds, both on the equity and fixed income side, in particular for our flagship ESG STARS range and our responsible enhanced BetaPlus family.

As we move forward, NAM remains committed to delivering investment strategies that generate strong financial returns while contributing positively to society and the environment. We believe that responsible investing is not just about risk mitigation, but about capitalizing on the opportunities presented by the global transition to a more sustainable economy.

We invite you to explore this report, which details our achievements, strategies, and outlook in responsible investing. Thank you for your continued trust and partnership as we work together towards a more sustainable financial future.



**Nils Bolmstrand,**  
CEO of Nordea Asset Management

# 2024 at a glance

## ESG Offering

### Assets under Management

€ 286 bn  
total AuM

74%  
In RI solutions

### Products

259  
Art. 8 funds<sup>3</sup>

10  
Art. 9 funds<sup>3</sup>

### New reports in 2024

1  
Impact Report

1  
Thematic Report

17  
ESG Reports

## ESG Capabilities

### ESG Resources

28  
Dedicated ESG analysts<sup>4</sup>

4  
Governance Committees

### Engaged<sup>5</sup>

1393  
Engagements

58% E  
19% S  
23% G

### Voted

~3550  
General meetings in 2024

## ESG Leadership

### Initiatives

31  
International investor  
initiatives

### Awards<sup>6</sup>

8  
ESG Awards won

11  
ESG Awards shortlisted<sup>7</sup>

### Labels<sup>8</sup>

2  
European ESG labels

## Net Zero Targets

### By 2025

80%  
of Top 200 contributors to  
financed emissions to be Paris-  
aligned or engaged to become so

Phase out investments in coal-  
related companies without plans  
to achieve a full exit from coal by

2040

### By 2030

100%  
of Top 200 contributors to  
financed emissions to be  
Paris-aligned or engaged to  
become so

50%  
reduction of WACI<sup>9</sup> across  
listed equity and corporate  
bonds

### By 2050

Net zero emissions across  
all assets under  
management

3) According to European SFDR classification. 4) Data as of 31.03.2025. 5) E,S and G categorizations are not mutually exclusive. For analytical purposes, we count such instances separately under each applicable category. The resulting figures are then normalized to represent proportions of total engagements. 6) More information on ESG awards on pages 5 – 6. 7) Nominated in 24 categories, excluding categories won. 8) More information on labels on page 19. 9) Weighted Average Carbon Intensity (tCO<sub>2</sub>e/USD million) measures a portfolio's exposure to carbon intensive companies.

# ESG highlights of the year

In 2024, we remained focused on reinforcing our ESG credentials and capabilities. We strengthened our position in impact investing by subscribing to the Operating Principles for Impact Management (OPIM) and adhering to the GIIN initiative. We continued to drive real-world decarbonization through our climate strategies and proprietary tools.

## Playing our part in real world decarbonisation

Investors increasingly recognize climate change as a global crisis threatening the environment, society and economy. The last few years we have seen important steps towards adopting climate policies with a positive impact on achieving net zero emissions targets by 2050. At Nordea Asset Management, we do not believe we can achieve net zero purely by avoidance and exclusion. Climate change has been a strategic focus for us since becoming a signatory to the UN-supported Principles for Responsible Investment (PRI) in 2007.

In 2024, we have made our proprietary Forward Decarbonization tool available to all our investment boutiques. This tool offers a forward-looking view of companies' potential decarbonisation trajectories, helping portfolio managers make informed decisions on engagement and allocation to meet strategy-specific decarbonisation objectives. Our commitment to climate action was further recognized in late 2024 with our Methane Engagement Campaign receiving the 'Recognition for Action – Climate' award at the [PRI Awards](#) ceremony in Toronto, Canada.

## Expanding our capabilities

In 2024, we have expanded our Sustainable Thematic offering and launched two Article 9 Labelled Bond Funds: Nordea 1 – European Sustainable Labelled Bond Fund and Nordea 1 – European Corporate Sustainable Labelled Bond Fund. These funds help asset allocators build sustainable fixed income portfolios and demonstrate NAM's commitment to ESG innovation. Moreover, our Responsible Investments team have developed a proprietary Sustainable Investments (SI) approach to sustainable labelled bonds to ensure SFDR compliance and maintain high standards, using sophisticated models to evaluate ESG credentials of issuers.

During 2024, we onboarded Iceberg Data Lab as an additional

biodiversity data provider, enhancing our commitment to biodiversity and nature through their Corporate Biodiversity Footprint (CBF) offering. The CBF quantifies a company's biodiversity impact by analyzing factors like land use, climate change, and pollution, providing investors and corporations with actionable insights for integrating biodiversity considerations into investment decisions and risk assessments. We're continuously reviewing new data sets and data providers to enhance quality and biodiversity and nature-related assessments.

Additionally, we have set a corporate exclusion on palm oil: NAM does not invest in palm oil producers<sup>10</sup> that lack an RSPO certification target for their holdings and estates. Furthermore, companies with an RSPO target but less than 50% RSPO certification<sup>11</sup> are also restricted.

## Maintaining our ESG credentials

Our 35+ years of experience in sustainable investing continues to earn recognition. In 2024, we ranked 4th global asset manager ESG Brand in the [RIBI](#) Report, demonstrating our commitment to responsible investing and sustainable development. Additionally, our Nordea 1 – Global Impact Fund won "Fund of the Year – Listed Equity" at the [Environmental Finance Impact Awards 2024](#).

Our credentials extend to international ESG-labels and in 2024, we have secured Label ISR and Towards Sustainability labels for some of our funds, recognizing our ESG products. We maintained our UK Stewardship Code signatory status, meeting the highest disclosure and reporting standards in the UK. On top of this, all our funds received ESG4Real certification, confirming compliance with basic RI demands, including exclusions, norms, conventions, ESG criteria and engagement that asset managers shall comply with. Additionally, some funds obtained Nummus Ethics Certification, aligning with CEI's ethical guidelines.<sup>12</sup>

10) Palm oil producers are defined as having >10% revenue threshold from palm oil. 11) RSPO: Roundtable on Sustainable Palm Oil.

12) CEI's ethical guidelines: [CEI Guidelines - Nummus.Info](#).

# ESG Awards

At Nordea Asset Management, we are proud to report a very important year in 2024 for our responsible investing efforts. Our commitment to ESG principles has earned us significant global recognition.

## Nordea Asset Management Awards

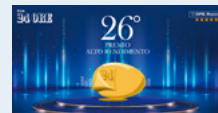
Our achievements in 2024 include the PRI Award **“Recognition for Action – Climate”** for our Methane Engagement Campaign, demonstrating our leadership role in addressing critical climate issues. We also achieved a strong ranking in the **Responsible Investment Brand Index (RIBI) 2024**, performing well in both global and Scandinavian markets.



## Fund Awards

### Sustainable STARS Funds

Our Sustainable STARS Funds series received notable recognition with our Nordea 1 – Global Sustainable Stars Equity Fund<sup>13</sup> named **Equities Manager of the Year** at the European Pensions Awards 2024. Additionally, our Nordea 1 – European Sustainable Stars Equity Fund<sup>14</sup> was recognized as the **Best ESG European Equity Fund** by Mainstreet, while our Nordea 1 – Emerging Sustainable Stars Ex China Equity Fund<sup>15</sup> received the **SRI Special award for Emerging Markets Equity** from Gruppo 24 Sole in Italy.



### Sustainable Thematic Funds

Our Nordea 1 – Global Climate and Environment Fund won the **Best Environmental Fund** in Spain by the Expansión/Allfunds ESG Awards, and **Best Environmental/Climate Fund** in the UK at the Investment Week Sustainable Investment Awards 2024.

Finally, our Nordea 1 – Global Impact Fund was nominated as **Fund of the Year** on Listed Equity by the Environmental Finance Impact Awards 2024.



13) With effect as of April 8th the sub-fund is renamed from "Nordea 1 – Global Stars Equity Fund" to "Nordea 1 – Global Sustainable Stars Equity Fund". 14) With effect as of April 8th the sub-fund is renamed from "Nordea 1 – European Stars Equity Fund" to "Nordea 1 – European Sustainable Stars Equity Fund". 15) With effect as of April 8th the sub-fund is renamed from "Nordea 1 – Emerging Stars Ex China Equity Fund" to "Nordea 1 – Emerging Sustainable Stars Ex China Equity Fund".

# Active in the global RI community

Contributing actively to industry-wide responsible investment discussions and promoting best practices across the investment community are key components of our ESG work.

Participating in investor initiatives is a way for us to exchange knowledge, shape the sustainable finance industry and to benchmark and develop our own ESG approach and framework. During 2024, we were active in 31 investor initiatives across a broad range of ESG topics. We were also active in several Sustainable Investment Forums (SIFs) throughout Europe and participated in numerous engagements in collaboration with other investors.

While these initiatives and collaborative actions are an extremely important part of our work, we recognize that our role and responsibility in the RI community extend beyond these initiatives. We aim to engage with our stakeholders, to educate and learn. We do this by participating in events and discussions, contributing to publications, engaging with our clients and fostering academic collaborations.

## Industry Committees Representation

We continued our active engagement in key industry initiatives committees throughout 2024. As founding members of the ISSB Investor Advisory Group (formerly SASB's Investor Advisory Group), we helped shape global sustainability disclosure standards, with our Head of Responsible Investments, Eric Pedersen, representing NAM. We lead company disclosure engagements and demonstrate ISSB standards' investor applications across scenarios. Additionally, we have been supporters of TCFD (now closed), whose reporting requirements were incorporated into the ISSB standard, which provides a foundation for climate-related financial disclosures, encouraging companies to report on climate risks and opportunities most relevant to their business activities.

Our Head of Climate and Nature Team, Cecilia Fryklöf, participated on the steering committee of the Investor Initiative on Hazardous Chemicals (IIHC), addressing environmental and financial risks associated with chemical use. Since 2018 we have held a unique position as the sole asset manager on the Advisory Board of the Pharmaceutical Supply Chain Initiative, promoting responsible practices in the industry.

## Collaborative Engagements

We recognize the value of collaborative engagements in our active ownership strategy, as they allow us to share industry perspectives and expand our impact. In 2024, we participated in 672 collaborative engagements, leading 103 of these. Key collaborations focused on Climate Action 100+, Nature Action 100+, Corporate Human Rights Benchmark, Oil & Gas Methane Partnership 2.0 (OGMP), and Pharma Industry Engagement. Complementing these efforts, we also individually engaged with 721 companies during the same period, demonstrating our commitment to both collective and direct approaches in promoting sustainable practices.

We continued our Methane Engagement campaign, which was awarded the "Recognition for Action – Climate" award at the [Principles for Responsible Investment \(PRI\) Awards](#) ceremony in Toronto, Canada. We have also signed the Investor Action on AMR (IAAMR) Public Investor Statement, together with other institutional investors, to stress our concerns regarding antimicrobial resistance (AMR) as a systemic risk to investment portfolios, economic stability and society. Through these collaborative initiatives, we continue to leverage our joint influence to driving positive change, promoting sustainable practices, and creating long-term value for our clients and stakeholders.

## Academic Collaborations

Eric Pedersen, our Head of Responsible Investments, holds academic positions at Copenhagen Business School and Boston University. In 2024, the Responsible Investment team collaborated with students on research projects, delivered guest lectures, and supported the development of research papers on regulatory and transition dynamics. As an example, the team has contributed to the IGCC report<sup>16</sup> on methane emissions from fossil fuel operations, following their work with the Oil & Gas Methane Partnership 2.0.

16) [IGCC Report: Momentum: Addressing methane emissions from fossil fuel operations.](#)



# New investor initiatives 2024

As a responsible investors, we actively participate in investor initiatives on various ESG topics. We are currently part of 31 initiatives, including 2 new initiatives that we joined during 2024.

New RI Initiatives
Global Impact Investing Network (GIIN)
Operating Principles for Impact Management (OPIM)
Investor Statements
Investor Sign-on Comment Letter Environmental and Climate Change Canada Methane (ECCC)
European Union Emissions Reduction Target Advocacy
Antimicrobial Resistance (AMR) Investor Statement
Investor Statement on Shareholder Rights
Petrochemical Industry Sustainability Statement
Investor Statement to end plastic pollution

## Global Impact Investing Network (GIIN)

We became a member of the Global Impact Investing Network (GIIN), gaining access to valuable resources, networking opportunities with leading investors, and the ability to shape the impact investing industry. This initiative and framework guide our impact assessment, reporting, and overall investment process, ensuring we contribute effectively to solving global issues while signaling credibility.

As an OPIM signatory, NAM has aligned its Global Impact Strategy with the principles and commits to annual disclosure statements. Independent verification ensures compliance, promoting transparency and credibility in impact investing. This practice supports the growth of responsible investing while maintaining integrity and external credibility in the market.

## Operating Principles for Impact Management (OPIM)

We have signed on the [Operating Principles for Impact Management \(OPIM\)](#). The Impact Principles provide a common framework for shaping and aligning with industry best practices and promote transparency, discipline, and credibility for impact management practice in capital markets. There are nine Operating Principles for Investment Management (the "Principles") which offer investors a comprehensive set of rigorous practices that guide the integration of impact.

**By participating in this global initiative, we aim to contribute to greater clarity, discipline and accountability to the field of impact investing.**

Nils Bolmstrand, CEO, Nordea Asset Management

## Letters and Statements

### [Investor Sign-on Comment Letter Environmental and Climate Change Canada Methane \(ECCC\)](#)

On February 14th 2024, we commend ECCC's efforts to adopt cost-effective regulations to achieve at least a 75% reduction in oil and gas methane emissions by 2030 from a 2012 baseline and urge you to move swiftly to adopt comprehensive final standards.

### [European Union Emissions Reduction Target Advocacy](#)

On 21st of March 2024, a coalition of institutional investors submitted a formal letter to EU Environment and Climate ministers, advocating for an ambitious greenhouse gas emissions reduction target of 90% by 2040 (baseline year 1990). The communication emphasizes that such a target is crucial for enhancing the EU's economic resilience, ensuring energy security, and maintaining global competitiveness in the transition to a low-carbon economy.

### [Antimicrobial Resistance \(AMR\) Investor Statement](#)

On 22nd of May 2024, as part of the Investor Action on AMR Initiative, a group of institutional investors released a public statement highlighting antimicrobial resistance as a critical systemic risk. The document outlines AMR's potential impact on investment portfolios, economic stability, and global public health.

### [Investor Statement on Shareholder Rights](#)

On May 28, 2024, Nordea Asset Management, along with other investors managing \$4.8 trillion in assets, signed the Investor Statement on Shareholder Rights. This statement supports the SEC's role in arbitrating shareholder proposals and expresses concern over litigation that may discourage sustainability-related proposals. It advocates for constructive dialogue between companies and investors to address concerns, rather than resorting to legal action that could undermine shareholder advocacy in the U.S.

### [Petrochemical Industry Sustainability Statement](#)

On 11th of July 2024, a consortium of 70 leading financial institutions, collectively managing or advising USD 6.8 trillion in assets, issued a joint statement addressing the petrochemical sector. The declaration called for a decisive shift towards sustainable practices, emphasizing the reduction of fossil fuel dependency and the elimination of hazardous chemicals in plastics production.

### [Investor Statement to end plastic pollution](#)

In Oct 2024, NAM joined 179 other financial institutions in signing an investor statement supporting a legally binding international treaty to end plastic pollution. The statement, collaboratively drafted by UNEP FI, PRI, Finance for Biodiversity Foundation, Business Coalition for a Global Plastics Treaty, VBDO, and CDP, outlines the financial sector's perspective on essential components for an effective global plastics agreement.

# Sustainability at Nordea



Nordic values are an essential part of Nordea Asset Management's business culture, guiding us in everything we do.

Sustainability is embedded across Nordea's business strategy, backed by measurable targets, strong governance, and a broad sustainability offering. Nordea Group has long and solid experience within Sustainable Finance and we are fully committed to – and actively working on – making the financial sector more sustainable.

As a leading Nordic bank, we have the capacity to support the transition to net zero – via our customer offerings, through our lending and investment decisions and by reducing the emissions from our internal operations and supply chain. Therefore, our business objective is to achieve net-zero emissions across our value chain in terms of scope 1, 2 and 3 emissions by the end of 2050 at the latest. In addition to our net-zero commitment for 2050, we see interim targets as essential components of the global effort to limit warming to 1.5°C. We have therefore

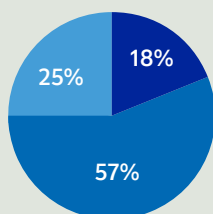
established objectives to reduce emissions across both our lending and investment portfolios as well as our internal operations by the end of 2030.

Nordea Group's sustainability work is led by the Group Sustainability team. This includes everything from setting and meeting our internal sustainability targets, from resource usage to diversity, and also integrating sustainable considerations into the products and services across the Group. At NAM level, the Responsible Investment (RI) team carries out research on the integration of environmental, social, and governance (ESG) aspects into our investments.

The two boxes below summarise some of our key sustainability metrics. More information about Nordea Group's sustainability efforts can be found in [Nordea's Annual Report 2024](#).

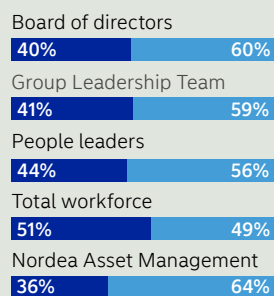
## Diversity and inclusion

### Age distribution in the total workforce



- below 30 years old
- 30–50 years old
- above 50 years old

### Gender balance



## Carbon footprint from internal operations (2024)

Nordea has committed to achieving net-zero carbon emissions by 2050 across investment portfolios and internal operations



GHG Emission Intensity:

**1.981**

tCO<sub>2</sub>e/monetary unit



Total CO<sub>2</sub>e emissions:

**23,932,784**

tCO<sub>2</sub>e, representing a 29% reduction from the 2019 baseline

# Responsible Investment approach

## ESG Governance and Teams

### Responsible Investments Team

Formed in 2009, Nordea's RI team is one of the most highly-regarded in Europe in terms of ESG analysts. It is composed of 28 analysts, who work closely with their respective portfolio management teams in Copenhagen, Stockholm, Oslo, Helsinki and Singapore. Besides working closely with the investment boutiques managing ESG products and setting the framework for the development of new quantitative tools and data sources.

The team carries out ESG research, active ownership activities, and represents NAM in international RI initiatives. We are continuously developing our RI approach in line with the increasing complexity, depth and scope of application of ESG methods, in order to maintain NAM's leadership in the area. The team provides a broad RI coverage with a particular focus on our ESG Flagship Strategies, working closely with their respective portfolio management teams. The RI team often participates in client meetings and ESG conferences to share its latest insights and findings. It also leads ESG training (e.g. climate workshops) both internally and for clients.

The RI team's various functions and main responsibilities can be divided into four clusters:

- **The Investment Stewardship cluster** is responsible for NAM's engagement framework, including escalation pro-

cedures, proxy voting, firm-level PAI process as well as for driving the Responsible Investment Committee agenda

- **The Climate & Nature cluster** maintains focused expertise and analysis of climate change and biodiversity factors and policies, implementation, engagement campaigns and reporting (e.g. Task Force on Climate related Financial Disclosures (TCFD) recommendations). Additionally, the team supports on developing tools and solutions for clients and PMs
- **The Sustainability Research cluster** carries out company and sector specific ESG research and engagement for NAM's ESG funds, as well as ESG product development. This includes our proprietary ESG scoring, which is an integral part of our ESG-enhanced strategies such as the Sustainable STARS funds
- **The ESG Quant cluster** develops and maintains NAM's proprietary ESG scoring tool and platform, as well as other advanced applications of ESG data

Additionally, from October 2024, three dedicated specialists now integrate the Responsible Investments Advice Team which is responsible for the sustainable savings advice concepts implemented in Nordea Bank and also align the strategy behind products distribution, for customers with sustainability preference.



## ESG and Responsible Investments Committees

At Nordea Asset Management (NAM), we have established a robust structure for both oversight and implementation of responsible investment practices. This structure ensures that our commitment to ESG principles is embedded throughout our organization, from the Board of Directors to individual investment teams.

### ESG Committee

Following a firm wide ESG project carried out in 2021-22, in 2023 we created an ESG Committee, supported by an operational forum, to secure the governance of our ESG related methods and principles. An ESG Operational Forum facilitates discussions and secures alignment and coordination on ESG matters across the NAM internal value chain, ensuring that the relevant decisions are brought to the ESG Committee for approval.

The ESG Committee is also responsible for the content of and adherence to our Responsible Investment Policy:

- Drive NAM's ESG Strategy
- Approve entity level ESG principles, policies and statements
- Approve significant changes to ESG methodologies and product strategies
- Secure good governance and proper handling of potential conflict of interest matters in the ESG area



### Responsible Investment Committee

Our Responsible Investment Committee (RIC), which is comprised of the NAM CEO and Senior NAM executives, ensures compliance with our RI Policy by monitoring engagements and deciding on the level of engagement in companies that violate international norms or companies where an engagement is deemed relevant for other reasons. Additionally, RIC also submits recommendations on companies to be included/excluded from the Exclusion List (decision is taken by the CIO's). The RI Committee acts on behalf of all actively managed funds. Day-to-day management of RI issues is handled by the RI team.



### Corporate Governance Committee

The Corporate Governance Committee is a key body responsible for overseeing and approving NAM's corporate governance principles and voting decisions. It includes board members from the Nordea Fund company, providing high-level oversight and independent decision-making. The committee is chaired by one of the external board members to ensure impartiality. In sum, its key responsibilities include:

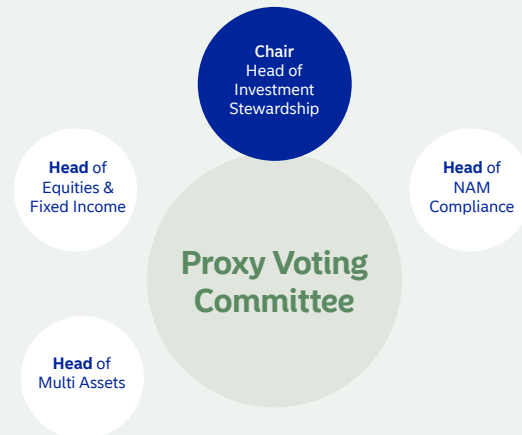
- Annually reviewing and approving the Corporate Governance Principles, which guide NAM's voting activities
- Making decisions on voting matters that are escalated to the committee, particularly in cases of potential conflicts of interest
- Ensuring that voting decisions are made in the best interests of clients



### Proxy Voting Committee

The Proxy Voting Committee (PVC) is responsible for driving voting decisions and managing conflicts of interest related to voting activities for client mandates. In sum, its key responsibilities include:

- Implementing the Corporate Governance Principles for client mandates
- Making voting decisions
- Managing potential conflicts of interest in proxy voting for client portfolios



# Our Responsible Investment framework



At NAM, we believe it is our fiduciary duty to deliver returns with responsibility. Our commitment to be a responsible asset manager is not new. We launched our first sector-screened fund in 1988 and we were an early adopter of Responsible Investment (RI), signing the UN Principles for Responsible Investment (PRI) back in 2007. By the end of 2024, Responsible Investment Solutions comprise over 74% of NAM’s AUM.

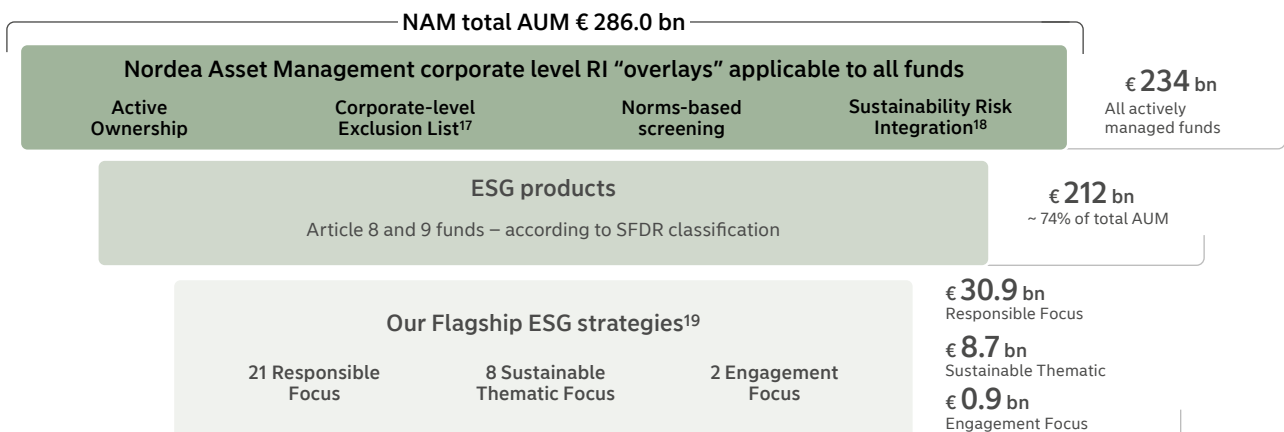
NAM has developed policies and procedures to ensure that the companies we invest in meet our expectations related to ESG performance, and that ESG and sustainability risks are managed in all our investment processes. These include both corporate-level RI approaches ("overlays") and product-specific approaches.

NAM’s RI Policy defines our position on sectors that are linked to material ESG issues, going beyond the international norms and conventions. This helps to ensure that the companies we are invested in meet our expectations of sound ESG perfor-

mance. The policy describes the stance we take on a number of areas within human rights, climate change, biodiversity and good governance. Depending on the nature and gravity of individual cases, breaches can trigger engagement or exclusion. The RI Policy is publicly available on our website.

Our corporate-level RI overlays include norms-based screening, active ownership activities and NAM-wide exclusions, as well as Sustainability Risk Integration. We also have product specific RI approaches that take a step further into enhancing ESG integration.

## A comprehensive RI Framework including various forms of RI



17) Over 260 companies. NAM’s Exclusion List available [here](#). 18) Integration of Sustainability Risks in the respective funds decision-making process. Every investment boutique has access to NAM’s proprietary ESG Model and ESG analysis from the RI team and ESG data from external providers via our proprietary ESG data platform. 19) These only refer to Nordea 1 and Nordea 2 Funds.

# Responsible Investment Strategies at NAM



NAM's Responsible Investment flagship solutions feature distinct offerings. Our **Responsible Focus range** which select high-quality companies with strong ESG profiles, aiming for long-term financial value. The **ESG Thematic range** which allows investors to target specific sustainability aspects. Finally, our **Engagement Focus** funds that actively engage on material ESG issues to drive positive impact.

Today<sup>20</sup> we manage approximately 270 funds that incorporate additional ESG filters and policies beyond our corporate overlays. These funds are classified as either Article 8 or 9 as per European Sustainable Finance Disclosure Regulation (SFDR). All our Article 8 and 9 funds consider PAI on sustainability factors as part of their investment processes. As a result, they are all eligible under MiFID II for selection by clients with sustainability preferences.

Going a step further, we offer specialized ESG flagship strategies, including the Responsible Focus Range, which encompasses our ESG Sustainable STARS Funds and BetaPlus Enhanced Sustainable Funds; the ESG Thematic range and Engagement Focus Funds. The Responsible Focus Strategies employ full ESG integration and positive selection, while the ESG Thematic strategies seek solutions to specific sustainability challenges, such as our Global Climate and Environment Fund, one of the largest article 9 funds in Europe<sup>21</sup>. Finally, our Engagement Strategies are built on the belief that engagement can support companies transitioning to more sustainable business models, with two funds actively engaging: one on Climate and the other in Diversity & Inclusion (D&I) material topics. Our credentials extend to international ESG labels such as Label ISR and the Towards Sustainability Label.

## Our Responsible Focus Strategies

### Sustainable STARS strategies – Tomorrow's winners

Our Sustainable STARS range is built on the belief that companies and issuers that integrate both ESG and financial metrics into their strategic decisions will be tomorrow's winners. In these strategies, we aim to beat the benchmark through investing in companies or bonds that meet NAM's ESG standards.

Every investment in our Sustainable STARS strategies is examined through both an ESG and a financial lens. Our ESG analysts work closely with the investment teams to identify material sustainability risks and opportunities relating to the companies' medium- to long-term operational performance and market positioning, and the results of their analysis feed into proprietary ESG tools that are integrated into the investment process. Active ownership and engagement are an important part of the Sustainable STARS investment approach. Our RI team and investment boutiques operate in close collaboration to engage in productive dialogues with many of our Sustainable STARS holdings. The Sustainable STARS range covers a wide scope of regions and asset classes.

20) Date as of 30.04.2025. 21) As of 15.10.2024. Source: © 2024 Morningstar, Inc. All Rights Reserved as of 15.10.2024. Morningstar European Fund Family 100. Open-ended and exchange traded funds for sale in Europe.



**BetaPlus Enhanced Sustainable Strategies**

NAM's BetaPlus Enhanced Sustainable Equity Strategies are active and cost-effective long-only solutions aiming to deliver consistent excess returns, limited active risk, and very strong ESG features.

The strategies employ a proprietary quantitative, multi-factor framework that capitalizes on market inefficiencies to generate alpha. By systematically identifying the most effective factors across various market segments, BetaPlus Enhanced Sustainable Equity Strategies construct portfolios aimed at outperforming traditional market-cap weighted indices while integrating rigorous ESG criteria, including extensive exclusions and decarbonization targets, without necessitating benchmark changes. This approach enables valuable sustainability outcomes while pursuing consistent excess returns.

Managed by a team with over 15 years of experience and more than €60 billion in assets under management<sup>22</sup>, the strategies have established themselves in the enhanced index solutions space. In an investment landscape increasingly dominated by passive strategies, they provide a sophisticated active alternative that combines the benefits of broad market exposure with the potential for outperformance and integration of sustainability features.

**Our Sustainable Thematic solutions – Building a better future**

We also offer a range of thematic strategies that focus on specific sustainability challenges aligned with the UN's Sustainable Development Goals (SDGs), to tackle the most pressing social and environmental challenges.

The climate crisis is one of the greatest challenges of our time. But climate change has many faces, and it cannot be separated from social problems, which are often drivers of environmental issues. Significant economic, societal and institutional changes are needed to combat these challenges.

Our thematic solutions are crafted to encompass the full spectrum of these complex issues, providing investors with opportunities to contribute to meaningful change while seeking financial returns. By focusing on specific sustainability themes, we aim to channel capital towards innovative companies and projects that are at the forefront of developing solutions to global challenges, from renewable energy and resource efficiency to sustainable agriculture and social inclusion:

**Sustainable Thematic Products**



22) Nordea Investment Management AB. Data as of 31.12.2024.

## Our Engagement Focus Strategies – Widening our horizons

We truly believe that engagement can support companies transitioning to more sustainable business models. Three years ago, we have created a new fund family, focusing only on Engagement Strategies, comprising of two different ones: the Nordea Global Climate Transition Engagement Strategy<sup>23</sup>, which supports higher-emitting companies in crucial industries on their sustainable transition, and the Nordea Global Diversity Engagement Strategy, which guides diversity laggards to become tomorrow's diversity leaders.

### Nordea 1 – Global Diversity Engagement Fund

The Nordea 1 – Global Diversity Engagement Fund aims to capitalize on the growing awareness of Diversity and Inclusion (D&I) in society. Research consistently shows that companies with at least 30% women in executive leadership tend to outperform financially, benefiting from stronger decision-making, innovation, and risk management<sup>24</sup>. This 30% threshold is widely recognized as the tipping point for meaningful impact and is the primary standard we apply to our fund. However, we also consider companies with at least 20% women in leadership if they demonstrate positive progress towards greater diversity.

To assess companies' D&I status, we evaluate four key pillars: Leadership Diversity, Talent Pipeline, Inclusion, and Diversity Change. This assessment allows us to categorize companies from Leaders to Laggards based on their D&I profiles. Our investment strategy combines data-driven analysis with traditional fundamental bottom-up analysis, focusing on both current D&I Leaders and promising companies open to improvement. Additionally, we actively engage with companies where opportunities arise to enhance their diversity efforts and unlock shareholder value. By maintaining a threshold of 30% minority gender in leadership positions and selecting top-performing companies in each segment, we offer investors an opportunity to participate in D&I-focused investing. This approach aims to capture the dual benefits of enhanced financial performance and positive societal impact

### Nordea 1 – Global Climate Transition Engagement Fund<sup>23</sup>

In 2022, Nordea launched the Global Climate Transition Engagement strategy, which targets companies in sectors often overlooked by the market due to their less favorable carbon emission profiles. Despite this, we recognize that these companies can play a pivotal role in the energy transition. Our team at NAM, identifies opportunities for real-world decarbonization through a structured engagement approach with these businesses. We believe that many of these companies simply need the right guidance and expertise to unlock their ecological potential, reveal their hidden value potential, and attract investments. As such, engaging on material environmental issues forms the core of our investment process and in 2024, we have conducted over 80 interactions with our portfolio companies.

We have also developed a Forward Decarbonization Tool to assess companies' potential future greenhouse gas emissions trajectories, enhancing our systematic consideration of decarbonization paths. This proprietary tool provides a forward-looking view of direct (scope 1) and indirect (scope 2) emissions. Our conviction in decarbonization and climate transition investing has strengthened, as we see growing interest and investments in this area. We are that our climate capabilities will continue to support our dual objective of generating shareholder value while contributing to a greener future.<sup>25</sup>

23) With effect as of April 8th the sub-fund is renamed from "Nordea 1 – Global Climate Engagement Fund" to "Nordea 1 – Global Climate Transition Engagement Fund". 24) McKinsey & Company, "Diversity matters even more: The case for holistic impact" (2023), MSCI ESG, "Women on Boards and Beyond: 2024 Progress Report". 25) **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.**



### Sustainable Stars Equity Funds

Towards Sustainability Label<sup>26</sup>

Label ISR<sup>27</sup>

Nordea 1 – European Small and Mid-Cap Sustainable Stars Equity Fund

Nordea 1 – Emerging Sustainable Stars Equity Fund



Nordea 1 – North American Sustainable Stars Equity Fund



Nordea 1 – Nordic Sustainable Stars Equity Fund

Nordea 1 – Global Sustainable Stars Equity Fund



Nordea 1 – European Sustainable Stars Equity Fund



Nordea 1 – Asian Sustainable Stars Equity Fund

### Sustainable Stars Fixed Income Funds

Nordea 1 – European High Yield Sustainable Stars Bond Fund



Nordea 1 – European Corporate Sustainable Stars Bond Fund

Nordea 1 – Global High Yield Sustainable Stars Bond Fund

Nordea 1 – North American High Yield Sustainable Stars Bond Fund

Nordea 1 – US Corporate Sustainable Stars Bond Fund

### Sustainable Thematic

Nordea 1 – Global Climate and Environment Fund



Nordea 1 – Global Social Empowerment Fund

Nordea 1 – Global Impact Fund



Nordea 1 – Global Sustainable Real Assets Fund

Nordea 1 – European Corporate Sustainable Labelled Bond Fund

Nordea 1 – European Sustainable Labelled Bond Fund

### Engagement Focus

Nordea 1 – Global Climate Transition Engagement Fund

Nordea 1 – Global Diversity Engagement Fund

### BetaPlus Enhanced Sustainable

Nordea 2 – BetaPlus Enhanced Swedish Sustainable Equity Fund

Nordea 2 – BetaPlus Enhanced Japanese Sustainable Equity Fund

Nordea 2 – BetaPlus Enhanced Global Sustainable Equity Fund

Nordea 2 – BetaPlus Enhanced Emerging Markets Sustainable Equity Fund

Nordea 2 – BetaPlus Enhanced European Sustainable Equity Fund

Nordea 2 – BetaPlus Enhanced North American Sustainable Equity Fund

Nordea 2 – BetaPlus Enhanced Global Sustainable Small Cap Equity Fund

Nordea 2 – BetaPlus Enhanced Global Developed Sustainable Equity Fund

26) We have received recognition from the Belgian Central Labelling Agency in the form of “Towards Sustainability” label. The label was launched in 2019 and it aims to install trust and reassure potential investors that the financial product is managed with sustainability in mind and is not exposed to very unsustainable practices, without requiring of investors to do a detailed analysis themselves. For more information on the “Towards Sustainability” label, visit [towardsustainability.be](https://towardsustainability.be). 27) Label ISR is created and supported by the French Finance Ministry. The label’s goal is to increase the visibility of SRI products among savers in France and Europe. For more information on the Label ISR, visit [lelabelisr.fr/en/what-sri-label/](https://lelabelisr.fr/en/what-sri-label/).

# Focus on NAM's Private Strategies

ESG in the private markets space and the opportunities the asset class provides.

Environmental, Social, and Governance (ESG) considerations have become increasingly prominent in private markets as the asset class offers unique opportunities for meaningful ESG implementation and value creation. The structural nature of the private market investment allows for integrating ESG factors more systematically into the investment process, from initial due diligence through ongoing asset management. The long-term nature of the investments (typically 5-10 years) and the ownership levels enables another layer of ESG improvement and engagements over time. All of this provides the investors with a method to leverage the ESG opportunities in measurable ways.

While ESG integration continues to evolve, data indicates<sup>28</sup> that private market investors prioritize ESG practices as key drivers of long-term value creation and risk mitigation. The private market asset class continues advancing ESG implementation, given its structural advantages and increasing LP demand for responsible investing approaches.

## ESG value proposition in private markets

Private markets offer unique advantages for ESG implementation and value creation. The long-term investment horizons, typically spanning 5-10 years, provide time and opportunity for significant ESG improvements. Investors in these markets often hold control positions, allowing them to directly influence company strategy and operations. This control, coupled with less public scrutiny compared to public markets, offers the flexibility to implement transformative changes.

Private equity firms bring substantial operational expertise to their portfolio companies, which can drive tangible ESG changes. This hands-on approach enables the implementation of sustainable practices and the development of ESG-focused initiatives.

Additionally, certain sectors within private markets, such as infrastructure, often have inherent ESG linkages. For example, renewable energy projects naturally align with environmental sustainability goals. By leveraging these structural advantages, private market investors are well-positioned to capitalize on ESG opportunities, potentially enhancing societal impact alongside financial returns.

Private market investors are capitalizing on these opportunities in various ways:

- Conducting rigorous ESG due diligence to identify risks and value creation avenues
- Setting and monitoring ESG KPIs for portfolio companies.
- Implementing operational improvements to enhance sustainability and reduce costs
- Developing new products and services aligned with sustainability trends
- Providing detailed ESG reporting to limited partners

Considering the case of TDR Capital's investment in Aggreko<sup>29</sup>, a global leader in temporary power solutions. TDR saw an opportunity to leverage Aggreko's market position to drive the transition towards greener technologies in off-grid power generation. Since acquiring the company in 2021, TDR has supported Aggreko in establishing new divisions focused on energy transition and hybrid technologies, with 70% of annual capex<sup>30</sup> now directed towards products supporting sustainability goals.

While ESG integration is still evolving, we believe that private market investors view strong ESG practices as one of the key drivers of long-term value creation and risk mitigation. In our view, the private asset class is well-positioned to continue advancing ESG implementation, given its structural advantages and increasing limited partner demand for responsible investing approaches.

As the sectors mature, we see great opportunity for private assets to become leaders in translating ESG considerations into tangible business improvements and financial returns. The ability to drive operational changes, coupled with longer investment horizons, allows private market investors to implement meaningful ESG initiatives that can create lasting value. This positions the asset class uniquely to address global sustainability challenges while potentially enhancing investment performance.

## ESG integration in private markets and how it builds on a long ESG track record

Over the past few years we have developed a comprehensive ESG screening and integration in our private market's strategies, that is built on our long-standing commitment to responsible investing. Our approach to ESG integration is built on four core ESG pillars; research and due diligence, engagement, exclusion and monitoring & reporting.

28) ESG data Convergency Initiative (EDCI) [PWC EU Private Markets: ESG Reboot](#). 29) **Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.** 30) Source: TDR Capital December 2024.

For our fund investments, we use a multilayered ESG assessment approach throughout the investment process, from due diligence to ongoing monitoring and engagement with the General Partner (GP). Core to our ESG integration is through binding ESG side letters that provide assurance against certain sectors and the right to opt-out, both based on our Responsible Investment policy. Each investment undergoes an annual ESG review to monitor progress and advocate for increased transparency and improved ESG reporting. As part of the due-diligence and ongoing monitoring we have developed a proprietary ESG scoring system for the managers, which is built on our more than 30+ years of experience and track-record in the private market and ESG space. By leveraging this expertise, NAM aims to promote sustainable practices while potentially enhancing long-term value creation in private markets.

**Example Case:** Vauban Infrastructure Partners, a Paris-based fund manager focusing on core infrastructure, acquired Coriance in October 2023 as part of a consortium with Caisse des Dépôts (CDC). Nordea Global Infrastructure Fund later made a co-investment in the company. Coriance, founded in 1998, builds, develops, and operates urban heating and cooling networks in France, primarily using renewable and recovered energy sources. Coriance is the third-largest player in the French market, with about 45 networks and a thermal production capacity of over 1.9 GW, supplying heat to more than 250,000 homes.

**The investment in Coriance is an attractive ESG case for several reasons:**

- Coriance is the leading provider of green district heating in France, with nearly 70% of its energy mix coming from renewable and recovered sources in 2022
- The company plans to further increase its share of renewable energy under Vauban's ownership. Coriance is a recognized partner for local authorities in decarbonizing building energy consumption. The investment aligns with France's objectives to decarbonize the heating sector
- Vauban's consortium partner, CDC, is a long-term public sector investor focused on general interest and local economic development in France
- This investment positions Vauban as a key player in the growing sustainable district heating industry, supporting the transition to more environmentally friendly heating solutions in France

**Real World Impact in Private Equity**

**Driving impact through Private Equity**

In 2024, we launched our first private equity impact fund, NPE Global Future Fund. The objective of the fund is to identify and invest in impact funds which focus on companies that provide solutions addressing two key topics; people and planet. Focusing on finding investment that provides sustainable prosperity for all and respects the planetary boundaries. For us it is about finding the balance between social and environmental impact. We strive to address the breach of all 12 of the planetary boundaries while balancing societal needs. We strive to find impact investments which address climate and biodiversity, human health and overall society's needs.

**// Impact investment is defined as “creating measurable social and environmental impact alongside a financial return”**

Impact Investment in private markets is for us about commercialization and scaling of impact-driven businesses. To enable green transition on light green/brow activates and to find developing new innovations within our impact themes.

Examples of impact strategies we are invested in:

- Access to quality education via an educational digital tool for underserved children
- Life expectancy and quality by improving patient safety, increase quality treatment, provide resilient resource and healthcare infrastructure
- Climate change via green building management systems and infrastructure systems
- Protect and preserve natural recourses via biodiversity, sustainable agriculture, water management and waste management
- With the Global Future fund, we have combined our long and extensive experience in both ESG and Private Equity to make it possible to leverage our in-house expertise and create value for both our clients and to make a positive impact



## Our Stewardship Approach

Being an active owner is central to the integration of ESG in our Responsible Investment approach. Our active ownership activities span all of our products.

We believe that active ownership is a powerful way to protect shareholder value, enhance long-term returns and foster positive change. We are convinced that ensuring good ESG practices in our funds' holdings is an important part of safeguarding the long-term interests of shareholders and society. When we want to improve a company's management of its ESG risks, we exercise our ownership right to support and influence the company.

Whilst we are prepared to exclude companies when deemed necessary, our experience proves that active ownership is often a more effective tool to improve ESG performance, manage risk and identify opportunities. Our active ownership efforts include engagement, proxy voting, attending annual general meetings and contributing to the development of industry ESG standards.

# Engagement

We believe that improved management of sustainability risks and opportunities is vital to creating returns with responsibility, and that engagement can result in competitive advantage, increasing the likelihood of companies being successful in the long run – benefitting companies, clients and society at large.

Engaging with our investee companies enables us to address material sustainability risks and opportunities. Our engagement activities combine the perspectives of portfolio managers, financial analysts and ESG specialists to form a holistic opinion and establish coherent engagement objectives. Portfolio managers actively participate in engagement activities together with our ESG analysts. Engagements often run over several years and are carried out either by NAM alone or in collaboration with other institutional investors.

During the engagement period, we conduct regular meetings with the company and track progress against pre-defined engagement objectives. Engagement may entail a dialogue with the companies' executive bodies, influence on board composition, cooperation with other investors on joint voting at annual general meetings and generally keeping a strict eye on the company. The dialogue allows us to put forward our expectations on corporate behavior and to support companies in enhancing their sustainability performance.

Progress reports and outcomes of the engagement are communicated to portfolio managers and financial analysts, allowing the information to be considered in investment decisions. In cases where an engagement relates to critical issues for the specific investment case or the general investibility of a company, failure to meet expectations will entail escalation of the issue through other stewardship activities, such as voting, and ultimately the consideration of quarantine or divestment.

Our engagement activities typically fall into one or more of four categories:

## 1. Investment-led engagement

This relates to material ESG-related risks or opportunities identified by portfolio managers, financial analysts and ESG analysts via our company assessments.

## 2. Norms- and incident-based engagement (including PAI)

These engagements cover companies that are in breach of

international norms or conventions or those involved in ESG-related incidents. Significant deviation from the relevant peer universe on PAI metrics may also trigger engagement.

## 3. Thematic engagement

This type of engagement is initiated for investee companies with the most material exposure to one or several of our four focus areas:

- Biodiversity
- Climate
- Good governance
- Human rights

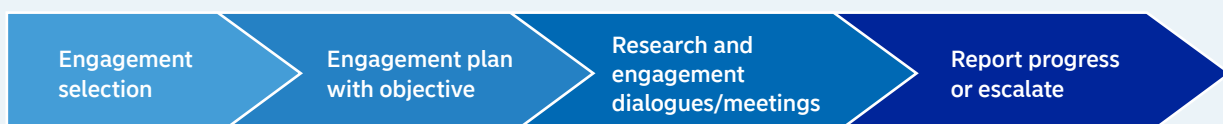
## 4. Political engagement

We may participate in activities that can be considered as political engagement, including public policy dialogues with governments as well as public authorities on specific ESG issues, through feedback on regulations and expressing support to policy makers through public endorsement in investor statements.

These types of activities are subject to careful consideration and diligence. We always assess the appropriateness of an activity that could be considered political, before we decide to enter it, and always assess the potential impact of such activity. Our activities focus solely on ESG issues, and do not intend to favor any specific political party or ideology. We believe that our participation in political activities can contribute to long-term value creation and have a positive impact on society.

Each theme is closely aligned with the SDGs and relevant ESG risks and has been selected and defined through close collaboration between ESG specialists, portfolio managers, financial analysts and clients. In addition to engagements with companies, we are increasing our work in the sovereign engagement sphere. All of our engagements are tracked in our in-house database and reviewed by the RI team to monitor progress.

**NAM's engagement activities are carried out on behalf of all our funds, and follow this process:**



# Voting



We believe in the power of responsible voting to drive positive change. Our strategic approach to stewardship not only safeguards shareholder value but also promotes sustainable business practices, setting new standards for corporate governance in the investment landscape.

The Stewardship team's engagement and voting activities are based on Nordea's Engagement Policy and Corporate Governance Principles. These principles summarize our expectations on companies' governance issues, such as board composition, remuneration, capital management and sustainability.

We believe that sound corporate governance contributes to shareholder value and reduces risks in equity investments. It is also essential for a balanced and transparent relationship between companies and shareholders, in which the latter play a vital role in improving a company's performance. From a shareholder perspective, voting is an effective tool for influencing companies and supporting and escalating our engagements.

NAM aims to:

- Actively engage with companies and stakeholders predictably and consistently, thus contributing to returns with responsibility for our unitholders
- Act as industry leader and contribute to well-functioning capital markets
- Be transparent with engagements and voting records

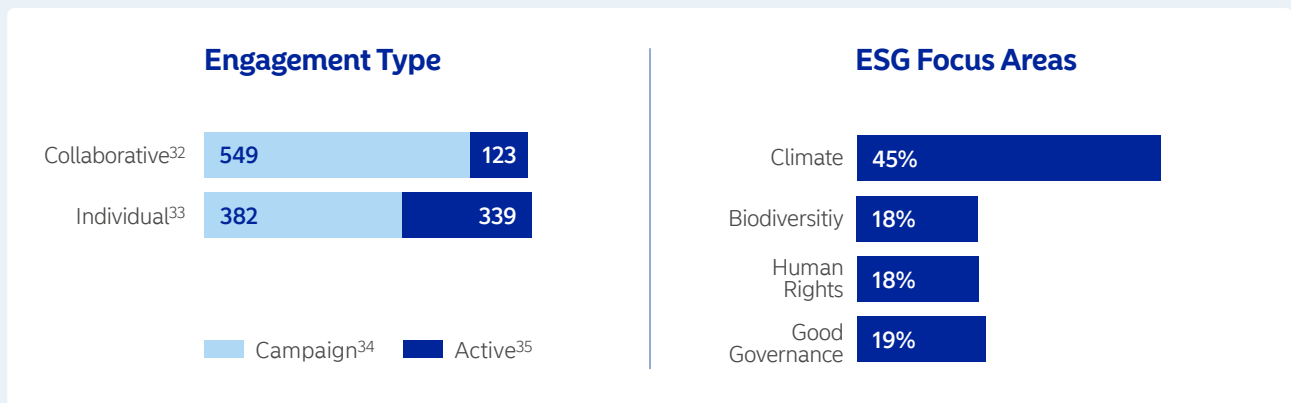
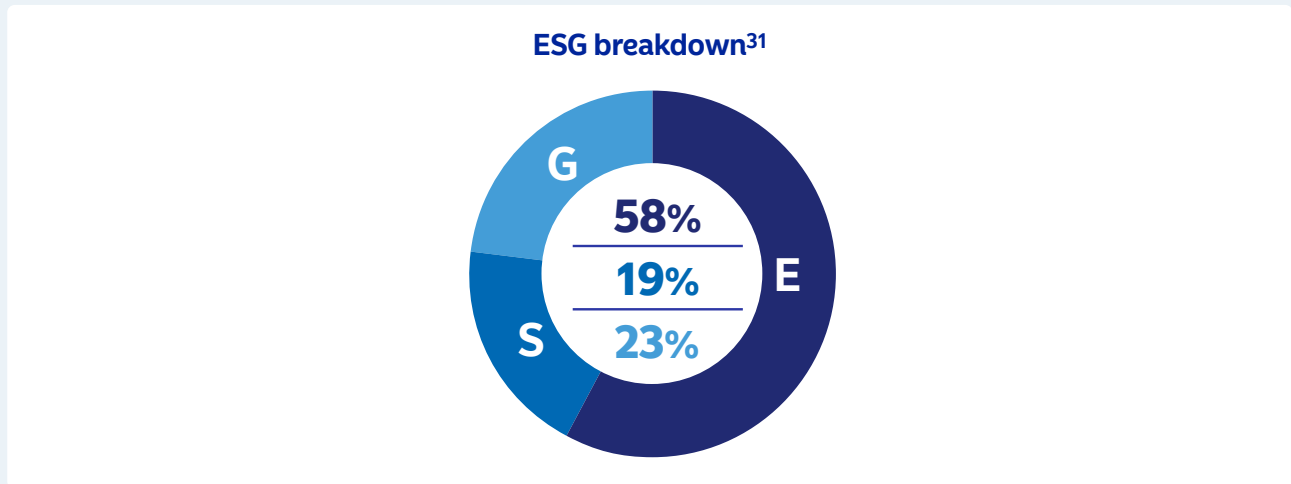
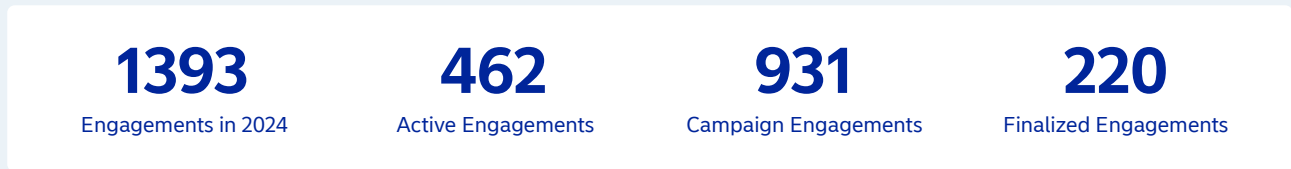
The Stewardship team analyses the shareholder meetings agenda items and resolutions of investee companies and arranges ongoing dialogue with investee companies before and after these meetings. Actual voting decisions are also influenced by our engagements with companies and the views of internal investment experts, such as the RI team and Portfolio Managers. Proxy voting is supported by two external vendors to facilitate the voting and provide analytic input. We use ISS and Glass Lewis for proxy voting; execution as well as research.

Besides sound governance, we place particular emphasis on our other focus areas – **climate, human rights and biodiversity**. We are seeing increasing shareholder proposals relating to environmental issues and climate reporting. Our Corporate Governance Principles and RI policy are reviewed annually. This review aims to evaluate whether our policies still meet best industry practice and our unitholders' expectations and accurately reflect our internal processes. The review also includes monitoring any updates to signed stewardship codes or RI-related memberships that may imply certain commitments.



# Stewardship Activities 2024

## Engagement activities at a glance



Source: Nordea Investment Management AB, Data as of 31.12.2024. 31) E, S and G categorizations are not mutually exclusive. An engagement can be both E and S or other, data displayed is considered separately as different engagements and then normalized to a proportion of total engagements. 32) Collaborative engagements are coordinated efforts where multiple investors work together to engage with one or more companies, calculated as a percentage of total engagements. 33) Individual engagements are direct and independent interactions between Nordea Asset Management and a specific company, calculated as a percentage of total engagements. 34) Campaign engagements are initiatives targeting multiple companies with a shared thematic goal, calculated as a percentage of total engagements. 36) Active engagements are direct company-specific interactions, that involve proactive communication and may include both individual and collaborative efforts, calculated as a percentage of total engagements.

# Voting activities in 2024

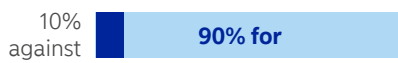
**In 2024, we voted in around 3550 General Meetings**

Representing around 95% of all votable meetings

### Voted in 100% of climate proposals



### Alignment with management



### Number of shareholder proposals

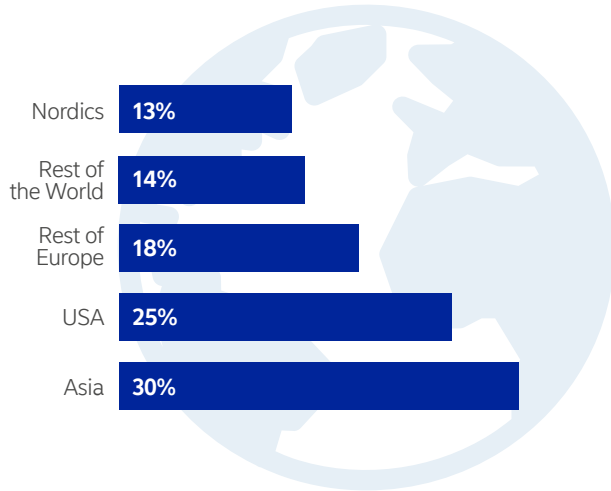
**1245**

we voted on 2024 of which we supported 60%

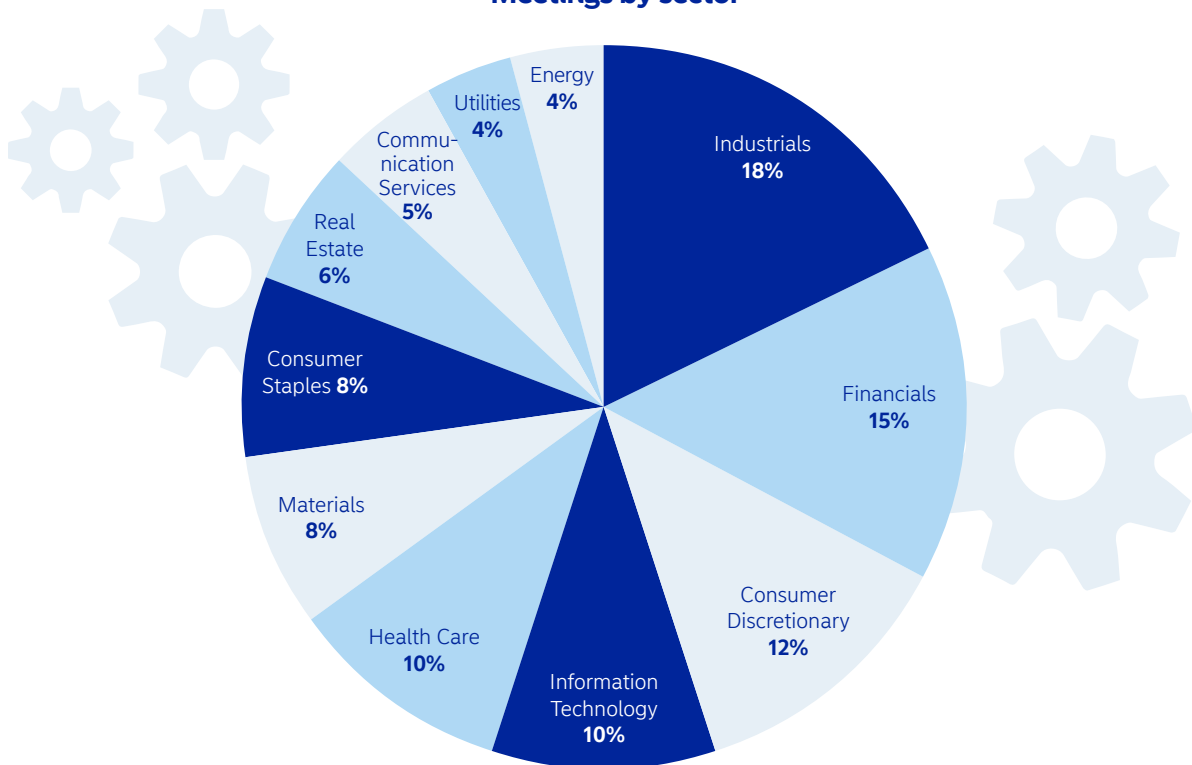
**3**

Co-filed by Nordea for the shareholder meetings of Tesla, Amazon and Duke Energy

### Meetings by country



### Meetings by sector





## Focus on Methane Engagement

Methane is a powerful greenhouse gas, estimated to account for as much as 30% of the global warming we're experiencing today. It's a short-lived climate pollutant that is 86 times as potent a greenhouse gas as carbon dioxide over a 20-year period, but it doesn't stay in the atmosphere for as long as CO<sub>2</sub> does. This means that methane has not only had a huge impact on global warming to date, but also that reductions offer a critical near-term opportunity, as reductions achieved today will be felt in as little as 10 years.

### The engagement

Since 2022 we have been leading a collaborative engagement on methane with selected partners and clients with more than 3.7 trillion euros in assets under management. In 2024 we continued engagement with 65 oil and gas companies and utilities companies on the disclosure and mitigation of their methane emissions.

The primary ask is for the companies to achieve near-zero methane emissions backed by the [Oil and Gas Methane Partnership 2.0 \(OGMP 2.0\)](#) Gold Standard reporting. The OGMP 2.0 aims to deliver a 45% reduction in the industry's methane emissions by 2025 and a 60-75% reduction by 2030.

Methane is a powerful greenhouse gas, estimated to be contributing to 30% of global warming today. Reducing methane emissions is critical for our investee companies to achieve a 1.5-degree pathway and we believe that reducing methane emissions from oil and gas in the next decade is one of the most cost-effective forms of climate risk mitigation.

### Our results in 2024

We saw substantive results from our engagement efforts in 2024. Five companies in the engagement group joined the OGMP 2.0 in 2024: Chevron, Exxon Mobil, OMV, Pertamina and Woodside.<sup>36</sup> Another eight companies in the engagement group – Aker BP, Chesapeake Energy (now Expand Energy, Coterra Energy, Diamondback Energy, EOG Resources, INPEX, Pioneer Natural Resources and Petrobras – were on the Gold Standard pathway in 2024 based on a credible implementation plan. Equinor achieved Gold Standard reporting for operated assets.

As part of a holistic approach, the engagement workstream has been complemented by policy engagement with Environment and Climate Change Canada and interaction with leaders from oil and gas companies and utilities at industry events in Amsterdam, New York and Toronto as ways to effectively advocate for industry-wide methane mitigation. Nordea Asset Management also contributed to the Institutional Investors Group on Climate Change (IGCC): "[Addressing methane emissions from fossil fuel operations](#)" to support investors to address methane risks in their portfolios.

<sup>36</sup> Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

## 2024 Methane Award Recognition

In October 2024, NAM won the prestigious “Recognition for Action – Climate” [award](#) at the Principles for Responsible Investment (PRI) Awards ceremony in Toronto, Canada.

We were recognized for our leadership in spearheading this collaborative engagement of approximately 20 investors focused on enhancing disclosures and reducing company methane emissions to near zero within the energy, utilities and waste management sectors.

The engagement was also recognised as Highly Commended, Best Sustainable Investment Engagement Initiative in [2024 Sustainable Investments awards](#).



Nordea Asset Management Team receiving the 2024 PRI Recognition for Action – Climate Award, at the PRI Awards ceremony in Toronto, Canada.

# ESG Focus Areas

## Climate



As a leading asset management firm and UN PRI signatory since 2007, we have reinforced our commitment to climate change mitigation by setting comprehensive targets aligned with achieving net-zero emissions across all assets under management by 2050.

Our strategy combines short- and mid-term objectives, including reducing the weighted average carbon intensity (WACI) of investments and engaging companies to align with 1.5°C scenarios.

In 2024, NAM strengthened its Responsible Investment Policy related to coal activities, including stronger investment restrictions on coal mining, coal power expansion, and generation without phase-out commitments, considering both revenues and absolute involvement.

### Our Engagement Campaigns

We actively participate in international investor initiatives and collaborative engagements focused on climate-related topics. Examples include **Climate Action 100+** (CA100+), which engages with the most carbon-intensive public companies, and our Methane Engagement campaign in which we encourage our investee companies to adopt the **Oil and Gas Methane Partnership** (OGMP), a framework for methane measurement, reporting, and target setting.

We have set a 2025 target to ensure that 80% of our **top 200 largest carbon footprint contributors** are on a Paris-aligned trajectory or otherwise subject to engagement. To assess the alignment profile of companies, NAM evaluates six current and forward-looking alignment criteria as defined by the PAII Net Zero Investment Framework. As of end 2024, 81% of top 200 companies were aligned or under active engagement to become aligned. This milestone was met through the following key actions:

- Individual company dialogues where we stated and discussed our expectations of Paris alignment
- Engagements via collaborative initiatives (CA100+, IIGCC Net Zero Engagement Initiative, CDP non-disclosure campaign)
- CEO letters outlining the six alignment criteria and our expectations

### Some of our Climate engagement initiatives





## Escalated Engagement: Accelerating ArcelorMittal's<sup>37</sup> Climate Transition

ArcelorMittal, a global steel giant, faces significant challenges in decarbonization and health and safety (H&S). Steel is key to our societies, including the energy transition, but is also one of the most carbon intensive sectors, representing around 9% of global emissions on an annual basis. Our engagement has focused on these critical issues, aiming to drive clarity on the company's transition plan and address potential economic challenges from rising EU carbon prices.

In 2023, we escalated our efforts by organizing a joint investor initiative representing \$4 trillion in assets. This led to ArcelorMittal publishing a climate report for its Indian joint venture, including emissions reduction targets and renewable energy initiatives. We were subsequently invited to co-lead the Climate Action 100+ initiative for ArcelorMittal.

Our engagement intensified with a statement at the 2024 AGM, urging clarification of climate ambitions and cost sensitivity analysis. Following a series of fatalities, we collaborated with other investors to press for a comprehensive third-party H&S review across all sites, with results expected in September 2025.

Despite ArcelorMittal's recent sustainability update, we remain concerned about the lack of new information supporting their 2035 targets. We've emphasized the urgency of releasing a comprehensive climate report to understand their response to the changing regulatory landscape. We remain committed in driving meaningful progress in Arcelor Mittal's sustainability efforts, particularly in climate action and worker safety and will be exploring avenues for further escalation if it does not materialize.

### Voting on Climate

We leverage climate votes to influence corporate climate strategies, expecting boards to oversee and disclose climate risks due to their potential impact on company value. The Investment Stewardship team, collaborating with Portfolio Managers, evaluates significant climate resolutions, particularly "Say on Climate" initiatives in high-impact sectors.

In 2024, a lot of our work revolved around alignment with the Paris Agreement. Our activities here were wide ranging, from shareholder proposals in favour of aligning targets for indirect scope 3 emissions with the Paris Agreement, like we did with Total Energies and Shell<sup>38</sup>, to requesting better reporting on GHG emissions targets with Public Storage and reporting on Corporate Climate Lobbying practices with Toyota Motor Corp. On proposals that require companies to disclose information about its governance, strategy, risk management and targets related to climate risks, we voted in favour. We voted for **19 "Say on Climate"** board proposals and against the proposals in **TotalEnergies, Woodside Energy Group and Canadian Pacific Kansas City Limited**. In total, we voted on 127 climate-related shareholder proposals where we have supported 70% of them.

### Policy Support

#### PCAF – Partnership for Carbon Accounting Financials

We have been actively involved with the Partnership for Carbon Accounting Financials (PCAF) since 2020, contributing to sustainable finance advancements. In 2024, our ESG methodology lead, Kenn Urhøj, joined PCAF's working group on securitized and structured products, aiding in the harmonization of GHG emission measurement approaches. Additionally, our Responsible Investment team has developed a methodology for covered bonds, aligning with the Net Zero Asset Managers Initiative commitment, to be implemented from 2025. We are

also engaging with the Covered Bond Council on industry disclosures in Europe and will participate in their annual congress.

### Covered Bond Engagement Campaign

Since 2022, we have engaged with 66 covered bond issuers to improve their reporting disclosures, focusing on environmental metrics such as energy performance certificates (EPC), energy use (in kWh/m<sup>2</sup>), and greenhouse gas emissions (tCO<sub>2</sub>e/m<sup>2</sup>). While progress has been limited due to insufficient data availability, we remain committed to continuing these engagements, to ensure issuers understand the need for data and ESG integration in covered bonds. We utilize the information gathered to measure fund sustainability levels and inform ESG assessments for security selection.

### Outlook

As we look ahead to the coming year, we recognize the rapid evolution of the responsible investment landscape, particularly in the realm of climate action. The net zero investor movement has shifted focus from simply reducing financed emissions to actively financing reduced emissions, while also grappling with the realities of limited decarbonization in the broader investment universe. Moreover, the growing political complexity surrounding ESG issues presents both challenges and opportunities for asset managers.

In this dynamic environment, our firm remains steadfast in its commitment to addressing climate-related risks and opportunities across our portfolios. We continue to view unmitigated climate change as a significant investment risk and remain dedicated to supporting global efforts to limit warming to 1.5°C.

37) Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration. 38) Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration.

# Biodiversity



As the largest Nordic asset manager, we acknowledge our crucial role in preventing biodiversity loss and directing capital towards nature-positive solutions.

Since signing the UN Principles for Responsible Investment in 2007, NAM has been actively engaging with portfolio companies on biodiversity and nature-related risks and opportunities. Biodiversity loss prevention is one of our four core focus areas, influencing investment decisions and potentially leading to engagement with high-risk companies. In 2024, 18% of our total engagements focused on biodiversity-related topics. Please refer to our [Biodiversity Report](#) to learn more about how we consider and integrate biodiversity across all our portfolios.

At NAM, we employ Encore to assess impact and dependencies across our portfolio, guiding our engagement selection process. This approach addresses biodiversity risks and opportunities, informs ESG research, and guides our portfolio managers. We also participate in investor initiatives to enhance biodiversity risk education and management, engaging with issuers and policymakers to support these efforts.

Moreover, during 2024 we have onboarded Iceberg Data Lab as an additional biodiversity data provider to ensure quality and coverage in fulfilling our commitment to biodiversity and nature. We are continuously reviewing new data sets and data providers to enhance quality and biodiversity and nature-related assessments.

## Our engagement campaigns

### Nature Action 100

NA 100 is an investor initiative representing over 200 investors with more than USD 26.6 trillion in assets under management. The initiative focuses on key sectors crucial for reversing nature and biodiversity loss, targeting 100 companies identified as

critical for biodiversity protection and restoration. NA 100 calls on companies to take six key actions: **Ambition, Assessment, Targets, Implementation, Governance, and Engagement.**

To support investors in understanding and managing material nature-related financial risks and opportunities, NA 100 has developed a benchmark measuring progress on these six actions and related indicators. In 2024, Nordea Asset Management (NAM) actively participated in seven corporate engagement streams across several sectors.

### Investors Initiative on Hazardous Chemicals (IIHC)

The IIHC's primary objective is to mitigate the adverse impacts of hazardous chemicals and their associated financial risks. This initiative is particularly significant as chemical pollution ranks as the third greatest cause of biodiversity loss, surpassing even climate change in its impact. Ecologists warn that failing to address the negative effects of chemical pollution could severely undermine efforts to protect biodiversity and reverse current losses. We have been actively participating in five IIHC engagements with our investee companies, contributing to the initiative's goals and promoting more sustainable practices in the chemicals industry.

### Finance for Biodiversity Pledge

In 2021, we sharpened our focus on biodiversity by joining the Finance for Biodiversity Pledge – a commitment from financial institution signatories to protect and restore biodiversity through their finance activities and investments. Being part of this initiative has enabled us to work together with other investors and financial industry participants to set standards linked to biodiversity.





### Engagement Case: Stora Enso<sup>39</sup>

In early August 2024, it was revealed that Stora Enso's logging operations had caused severe damage to a critically endangered freshwater pearl mussel population. This incident has understandably raised concerns about the company's environmental practices and oversight. As responsible investors, we take such matters very seriously. We promptly engaged with Stora Enso's management to understand the full extent of the situation and the company's response.

Through multiple interactions, including emails and meetings with Stora Enso's CEO, Head of Sustainability, and Head of Wood Supply Finland, we delved into the incident's details and the company's response. During this engagement, Stora Enso acknowledged that their guidelines for protecting mussel habitats were not followed in this instance. They emphasized that this was a "non-compliance incident" rather than a systemic problem. However, our impression from the discussions was that there was improvement needed in their processes, particularly related to the flow of information flow and IT systems.

We were encouraged to learn that Stora Enso had taken immediate steps to address these issues. They temporarily halted logging operations in sensitive areas across Finland and conducted a thorough review of their practices. The company has also committed to working closely with biodiversity protection agencies to improve their protocols. While we are disappointed by this incident, we view it as an opportunity for Stora Enso to significantly enhance their environmental safeguards and operational processes. Our expectation is that this event, combined with the enhanced environmental practices, will benefit the company in the long term.

Moreover, as active owners we have recently joined a collaborative engagement, Nature Action 100 where we engage with Stora Enso. With this engagement initiative we strive to continue to monitor the company's situation closely and push for tangible improvements in line with the expectations of the initiative.

## Policy Support

### Investors Policy Dialogue on Deforestation (IPDD)

As a founding member of the Investor Policy Dialogue on Deforestation (IPDD), we are at the forefront of a global initiative uniting 78 investors across 21 countries to combat deforestation. Since its inception in July 2020, IPDD has been actively engaging with key stakeholders in countries with critical forest ecosystems. Our mission is to ensure long-term financial sustainability through promoting responsible land use, forest management, and human rights.

We play a pivotal role in the Management Committee and lead efforts in Brazil and Indonesia. In Brazil, we've made significant strides in implementing deforestation commitments post-election. Despite political challenges in Indonesia, we've successfully collaborated with local financial institutions and co-hosted a high-profile ESG investing webinar. Most recently, IPDD demonstrated its commitment to global forest protection

by issuing a statement supporting the EU Deforestation Regulation, reinforcing our dedication to sustainable investment practices worldwide.

### Outlook

In 2025, we will continue our engagement workstreams while further utilizing and integrating data sources to increase individual, sector and portfolio level assessments of the nature-related impacts and dependencies of our investments. In line with our commitments under the Finance for Biodiversity Pledge, we prepared initiation targets during 2024, which will be published in an update of our Biodiversity Whitepaper during the year. These targets will broadly aim towards pillars of governance, policies, education as well as assessments and aim to further anchor the topic of nature and biodiversity across NAM.

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# Human Rights



As responsible investors, we expect companies to comply with internationally recognized human rights principles and to prevent and manage their impact on human rights.

Our expectations apply both to the investee companies themselves and to their supply chains. At NAM, we screen all our holdings for breaches of international norms, identifying companies that are allegedly involved in breaches of international laws and norms on human rights and labor standards.

### Collaborating with Corporate Human Rights Benchmark (CHRB) for impactful engagements

Corporate Human Rights Benchmark (CHRB) provides a free and publicly available comparative assessment of the world's largest publicly listed companies. It assesses company's policies, processes, and practices related to human rights. Between 2016 and 2020, we were a funding and steering committee member actively involved in the development of the CHRB, which has now been integrated with the World Benchmarking Alliance (WBA). During this time the CHRB produced five iterations of **in-depth data on corporate human rights practices**

**in five high-risk sectors** – food and agricultural products, ICT and automotive manufacturing, apparel, and extractives – and 244 of the world's largest companies from 2018 to 2023.

**The indicators of the CHRB are grounded in the UN Guiding principles on Business and Human Rights (UNGPs) and other international human rights standards.**

In 2020 the CHRB was integrated with the World Benchmarking Alliance and its core human rights indicators are now integrated in WBA Social Benchmark covering 2000 companies. In the fall of 2024, after seven years and five iterations of benchmarks, a comprehensive review of the Corporate Human Rights Benchmark was conducted. The review showed that although progress among sectors and topics is uneven, 64% of companies have progressed on their human rights performance in five years.

### Some of our Human Rights engagement initiatives





## Our Engagements on CHRB assessments<sup>40</sup>

Since 2017 NAM has been involved in a collaborative engagement targeting companies that score zero on human rights due diligence in the CHRB assessments. The collaborative engagement is coordinated by the Investor Alliance on Human Rights. The CHRB assessments and company scoring have also been used in our on-going engagements with some very large companies on human rights and workers' rights. Please find below some examples of engagement cases:

**Starbucks:** One successful example is Starbucks. The company has been involved in various labour disputes with staff in the US and the company's commitments on freedom of association and collective bargaining. We have had several meetings with the company and have used our voting power to support shareholder proposals asking for improved disclosure and performance in regard to worker's rights and vote against directors. In 2024 Starbucks finally came to an agreement with the unions to begin the discussions on a framework designed to achieve collective bargaining agreements and fair processes for union organizing. While the process is still ongoing, the company tells us they stay committed.

Three other examples of ongoing engagements on human and worker's rights are **Amazon, Alphabet and Tesla**. As these companies are progressing slowly, we escalated our engagement efforts in 2024:

**Amazon:** At Amazon we re-filed a shareholder proposal we co-filed at Amazon last year – asking the board to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights. The Proposal received 31.8% support last year, which is a very good result.

**Alphabet:** At Alphabet (Google) we co-signed an investor letter for Alphabet's board asking the board to act on a shareholder proposal that we supported last year. The proposal asked the board to publish an independent third-party Human Rights Impact Assessment ("HRIA") to examine the actual and potential human rights impacts of Google's AI-driven targeted advertising policies and practices.

**Tesla, Inc.:** Tesla has for many years failed to respect union rights in the United States. In 2023 Tesla workers in Sweden went on strike because the company would not sign a collective agreement for its workers – the typical labour market model in Sweden. To escalate our on-going engagement with Tesla we co-filed a shareholder resolution on labor rights and the rights to freedom of association and collective bargaining at Tesla's 2025 AGM.

Another issue we have addressed in our engagement with Tesla was their responsibility for sourcing cobalt. Key to the electric vehicle technology is the battery, containing a number of different minerals, including cobalt. To improve our understanding of industrial mining of cobalt in the Democratic Republic of Congo, we commissioned a field study from UK based RAID (Rights and Accountability in Development). The research was published in 2021: [The Road to Ruin? Electric vehicles and workers' rights abuses at DR Congo's industrial cobalt mines](#). We have shared and discussed the report with Tesla.

## Safeguarding Digital Rights in the Tech Era

The application of Human Rights is large and with technological developments, digital rights have become a major topic for us. Information and communication technology companies have immense control over the lives and identities of their users and must commit to respecting freedom of expression and privacy on their platforms and services – such human rights in online environments are often referred to as digital rights. Companies' implementation of that responsibility should align with the expectations outlined in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

## Our Engagements Campaigns

### The Digital Rights & AI Accountability investor working group

This group focuses on digital rights risk which includes [privacy](#), [freedom of expression](#), democracy and security, worker's rights and child safety online. More than 30 investors participate in these engagements with tech companies. The group also collaborates with civil society stakeholders and digital rights experts.

## UNICEF – Children and the Digital Environment

UNICEF is providing policy support in the "Children and the Digital Environment" collaborative engagement. This engagement is a Swedish investor engagement targeting Swedish companies, with the goal to support UNICEF on addressing child online safety.

## Outlook

The demand for cobalt and other critical minerals will increase dramatically with the transition to a low carbon economy and so will the environmental and human rights challenges. We believe we can play a constructive stewardship role in the development of a mining sector that meets the needs of society and companies in a responsible manner. We will also continue our efforts on sectors and companies that source and use critical minerals. Privacy issues and workers' rights are topics we will continue to raise with the tech sector.


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# Good Governance




In our good governance focused active ownership activities, we aim to safeguard shareholder value and sound management of ESG risks and other risk types in portfolio companies.

Our goal is to protect and enhance long-term returns for shareholders. We believe a sound corporate governance structure is essential for creating sustainable, long-term shareholder value. As stated in our RI Policy, we expect companies affected by these governance-related risks to ensure that they report on how they manage the risks and impacts adequately:

- 

**Corruption:**  
We expect companies to take a proactive approach towards corruption and responsible payments and ensure that adequate measures are implemented, and transparency is being elevated.
- 

**Diversity:**  
We expect the board to be diversified in terms of gender, experience, age and other factors.
- 

**Tax:**  
We expect our portfolio companies to have a tax policy that outlines the company's approach to taxation and how it aligns with the overall business strategy. We also expect companies to have a robust tax governance and management framework in place, to pay taxes where economic value is created and to provide country-by-country reporting

## Exercising Voting Rights in Numbers

In 2024, we voted on more than 3,550 shareholder meetings, voting on thousands of agenda items covering critical issues including climate change, diversity, remuneration, and capi-

tal mandates. Although we experienced a slight decrease in participation compared to 2023 due to shifts in fund composition, we nonetheless exceeded our objective of voting in over 90% of our investee companies' meetings. While we generally aligned with management proposals, we exercised our discretion to vote against 10% of agenda items when they either conflicted with our unitholders' best interests or where against our Corporate Governance Principles.

## Board composition

One of the most important tasks of a company's board is to provide strategic direction and monitor and evaluate top management, and in our view this aspect can be compromised if the CEO of the company also serves as chair of the board.

Over the last couple of years, we have supported many shareholder proposals to split the roles CEO/chair, including in companies like Cisco, Meta and Amazon. We regularly engage with companies to explain this voting rationale, and we try to be as proactive as possible to get the companies, to alter the board proposals to be in line with our expectations. In 2024, NAM voted against the combination CEO/chair at 127 shareholder meetings.

NAM believes that a board should be diversified in terms of gender, experience, age and other factors. A board should preferably consist of at least 40% of either gender. The board should also have a majority of independent directors, and they should have sufficient time to dedicate to board work.

## Remuneration

NAM takes a positive stance towards reasonable share-based incentive programs for employees in investee companies. Incentive programs should incentivize long-term ownership of shares and be designed to include requirements of own investment, and financial as well as ESG performance criteria. We have long promoted simple pay packages with a few targets and our aim is to identify the structures that are misaligned with long-term value for shareholders. In 2024, and mainly at US companies, we voted against proposed executive remuneration in which performance criteria in share-based incentive programs were inadequate or non-existent, combined with excessively generous outcomes.

We also actively urge companies to link material ESG targets to executive remuneration. This topic is on the agenda at most of our engagement meetings as we expect companies to develop targets tied to the long-term business strategy. It is important that the proposed criteria are material, relevant, transparent and that the targets are challenging. In high-impact sectors, we attach particular importance to climate related targets to narrow the gap between climate commitments and implementation of activities. In 2024 we voted against 1804 board proposals related to executive compensation.



### Voting Case: Millicom

Millicom's new management compensation plan was presented to us by the Chair of the Board and Chair of Compensation. While we appreciate their transparency and effort to seek shareholder input, we were unable to support the proposal. Our primary concern is the shift away from performance-based Long-Term Incentive (LTI) awards, which were a key feature of their previous plan. At NAM, we believe compensation plans should directly link to both individual and company performance, incorporating both financial and ESG metrics. This approach encourages long-term share ownership and aligns with shareholder interests. We've recommended reducing or eliminating Restricted Stock Units from the plan. Additionally, we're concerned about how this new structure aligns with shareholder interests, given the multiple factors influencing share price performance. The plan also raises questions about potential risks, including short-term decision-making and ethical considerations.

## Capital management

In line with our Corporate Governance Principles, we generally oppose authorizations to issue shares that would comprise more than 10% of a company's capital without preferential rights for existing shareholders. This aims to protect our unitholders from undue share dilution. Nevertheless, we may consider supporting such proposals if the company provides compelling justification. In practice, NAM has voted against board proposals when companies suggested either excessive dilution or overly long mandates for share issuance without sufficient grounds.

Additionally, we have seen a growing trend of companies proposing multi-year authorizations for share issuance or repurchase. Although this practice is common in certain countries and sectors internationally, NAM believes that authorizations from annual general meetings should only be valid until the next annual general meeting, effectively limiting them to one year. Consequently, we actively engage with companies to encourage the adoption of one-year mandates.

## Shareholders Rights

### Nomination committees

Cooperation with other shareholders is crucial for effectively influencing companies. This collaboration can take various forms, including working groups, ownership committees, and owner-led nomination committees in markets where such practices are the norm. We believe that participating in owner-led nomination committees provides an excellent opportunity to influence board composition and drive meaningful change, particularly in areas such as gender diversity on boards for example. During 2024, we joined 42 Nomination Committees.

### Co-filed shareholder proposals

When voting on existing agenda items at Annual General Meetings (AGMs) or engaging with companies, doesn't provide sufficient leverage or impact, we may resort to filing or co-filing shareholder proposals. This approach allows us to directly address issues at companies' general meetings. In 2024, we co-filed three shareholder resolutions.

**Shareholder Proposal: Tesla Inc.**

To escalate our engagement with Tesla we co-filed a shareholder resolution on labour rights at Tesla's 2025 AGM, asking the board to adopt and disclose a Non-interference Policy upholding the rights to freedom of association and collective bargaining in its operations, in line with ILO's Declaration on Fundamental Principles and Rights at Work. We supported a similar proposal at Tesla's 2024 AGM, a proposal that did not pass.

**Shareholder Proposal: Amazon Inc.**

To escalate our engagement with Amazon, we re-filed the shareholder proposal we co-filed last year. This proposal requests the board to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights. These rights are outlined in the company's Global Human Rights Principles, which explicitly reference the ILO's Core Conventions and Declaration on Fundamental Principles and Rights at Work. We made some updates to last year's proposal, including adding new controversies that have occurred, primarily in Europe, and highlighting that other major companies, such as Starbucks and Apple, have already conducted similar assessments. At the 2024 AGM the proposal received 31.8% support, but Amazon has not responded to the shareholder proposal request.

**Shareholder Proposal: Duke Energy Corp.**

Earlier this year, we co-filed a shareholder proposal at Duke Energy concerning their climate lobbying communication. This action was part of our ongoing engagement with the company, conducted both individually and through the Climate Action 100+ initiative. As a result of these efforts, we reached a successful withdrawal agreement. The company committed to two key concessions: publishing an updated list of policy attributes aligned with their decarbonization goals in their 2024 Impact Report, and providing a detailed table showcasing their activities and positions on specific climate-related policies. Given the challenging U.S. climate policy landscape, this outcome enhances Duke Energy's lobbying transparency.

**Outlook<sup>41</sup>**

In the coming year, we anticipate an increased emphasis on securing minority shareholder protections and enhancing diversity and inclusion initiatives. Our governance outlook includes an expectation that boards should ideally comprise at least 40% representation from each gender. Additionally, we expect boards to make progress towards aligning their strategies with the Paris Agreement goals, demonstrating a clear commitment to addressing climate-related risks and opportunities.

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## Outlook 2025

2025 promises to be an eventful year in the world of responsible investing.

On the one hand, geopolitical storms are battering the industry from 2 sides: From the US, it's tariff chaos, uncertainty about the United States' commitment to NATO, and an aggressive campaign against perceived "wokeness". From Europe, in response, it's an urgent need to re-arm the continent in the face of Russian aggression and a drive to improve competitiveness, which must avoid throwing the sustainability baby out with the red-tape bathwater. On the positive side, Institutional investors across the globe (notably including parts of the US) remain committed to responsible investing, and especially the various ways climate concerns can be integrated into portfolios. And in the European retail market, the new ESMA naming regulation and the upcoming revision of SFDR promise to make the sustainability conversation between financial advisers and retail investors much easier.

In any case, the reality of climate change, biodiversity loss and social and governance challenges is becoming increasingly undeniable, as are the risks that this poses to investors. This alone should ensure that responsible investing remains the major secular trend in asset management.

The tariff chaos unleashed by the new US administration is a real and present danger to world prosperity, both in the short and the long term. While the exact longer-term international trade regime that will result from this is still unknowable, at a minimum the ensuing uncertainty can be expected to dampen the inclination of investors and businesses to take risk, to hire

and to expand economic activity. In such an environment, it is natural that policymakers and companies focus first on economic firefighting, seeking to ensure – plainly put - to ensure that their constituents and workers do not find themselves out of a job from one day to the next.

While this is a natural reaction to economic uncertainty, the hostility against ESG, diversity initiatives, climate investing and other activities suspected of "wokeness", which have been a feature of parts of the political scene in the United States for some time are of another order altogether. In response to this, a number of US financial institutions have left the major climate initiatives. This requires asset owners to be even more diligent in their choice of partners and service providers, to ensure that their preferences regarding Stewardship and responsible investing in general are properly reflected.

Changing attitudes to defence are another game-changer in the world of Responsible Investing. Historically, defence-related investments have been excluded – or at least underweighted - in most ESG-focused investment strategies. This has been the case especially for so-called "controversial" weapons, which have been deemed non-investible across all of Nordea's funds. Importantly, in our Nordic home region, Nuclear arms have been considered to fall under the heading of controversial weapons. This has meant that most large arms manufacturers were de facto excluded from our investment universe. However, with the continuing full-scale invasion of Ukraine by Russia, and

the perceived weakening of NATO security guarantees, such a simple approach no longer seems appropriate. Thus, during 2025, we will be developing more nuanced policies for defence investments, and expect to provide our clients varying degrees of access, depending on which parts of our product range they choose. It is our conviction that such an approach can meet the expectations of our clients, while allowing us as a firm to be supportive of the defence of democracies in Europe and across the globe.

Finally, the “Omnibus” drive to simplify regulation – including that which is sustainability-related – across the European Union has meant that ESG data which was expected to become increasingly accessible and of higher quality, will not be available for now, especially in the small- and mid-cap segments. This in itself is disappointing to responsible investors and, if it were reflective of a more relaxed attitude towards companies’ sustainability risks in general, would be for the worse. The flip side of this simplification however, could well be a booster to sustainable investments among private investors in the EU: When the expected revision of the Sustainable Finance Disclosure Regulation arrives, it is expected to include the introduction of product categories or labels, to help investors orient themselves more easily in what many perceive as a jungle of more or less ESG, or “sustainable” products. If these categories are intuitive and well-defined, and if they are transposed all the way into the MiFID regulation, it could remove what – according to surveys – has been one of the main barriers to individual investors investing sustainably: The fear of greenwashing.

As we at Nordea Asset Management see it, times like these require that asset managers maintain the courage of their convictions, stand by the commitments on the basis of which asset owners have hired them, and act as true fiduciaries of their clients. In other words, the asset management industry needs to be as consistent in its commitment to responsible investing as asset owners have shown themselves to be, and it needs to help give voice to and support the aspirations of individual investors when it comes to sustainability.

In the current environment, consistency in responsible investing is not as straightforward as it may sound. For instance, it is increasingly important to ensure that all activities under the headlines of Stewardship, engagement and AGM voting – especially towards US firms – are justified by material risks to companies and their investors. In the absence of such justification, stewardship initiatives may find themselves subject to legal challenges. Although such challenges will very often be exclusively political in nature, and mostly rely on creative interpretations of the relevant regulation, they can nonetheless incur both direct and indirect costs.

Against this backdrop, we expect the discussion about what constitutes a risk to a given investee company on one hand, and to an investor in that company on the other hand, to become increasingly topical. This is the case because, once an investment portfolio is sufficiently diversified, it becomes relevant to adopt the perspective of a “universal owner”, taking into account not only the effects of an investee company’s decisions on the value of that company itself, but also the repercussions of those decisions across the economy and thus across the total investment portfolio. This is the more important because investors (in the case of institutional investors, their stakeholders) ultimately benefit from the absolute return of their portfolio, rather than that portfolio’s performance relative to a benchmark or the average market return. In other words: It is not much use outperforming the market for a while, if the market itself is returning less than it could have – especially if you, through your investment choices and practices, are partly responsible for this.

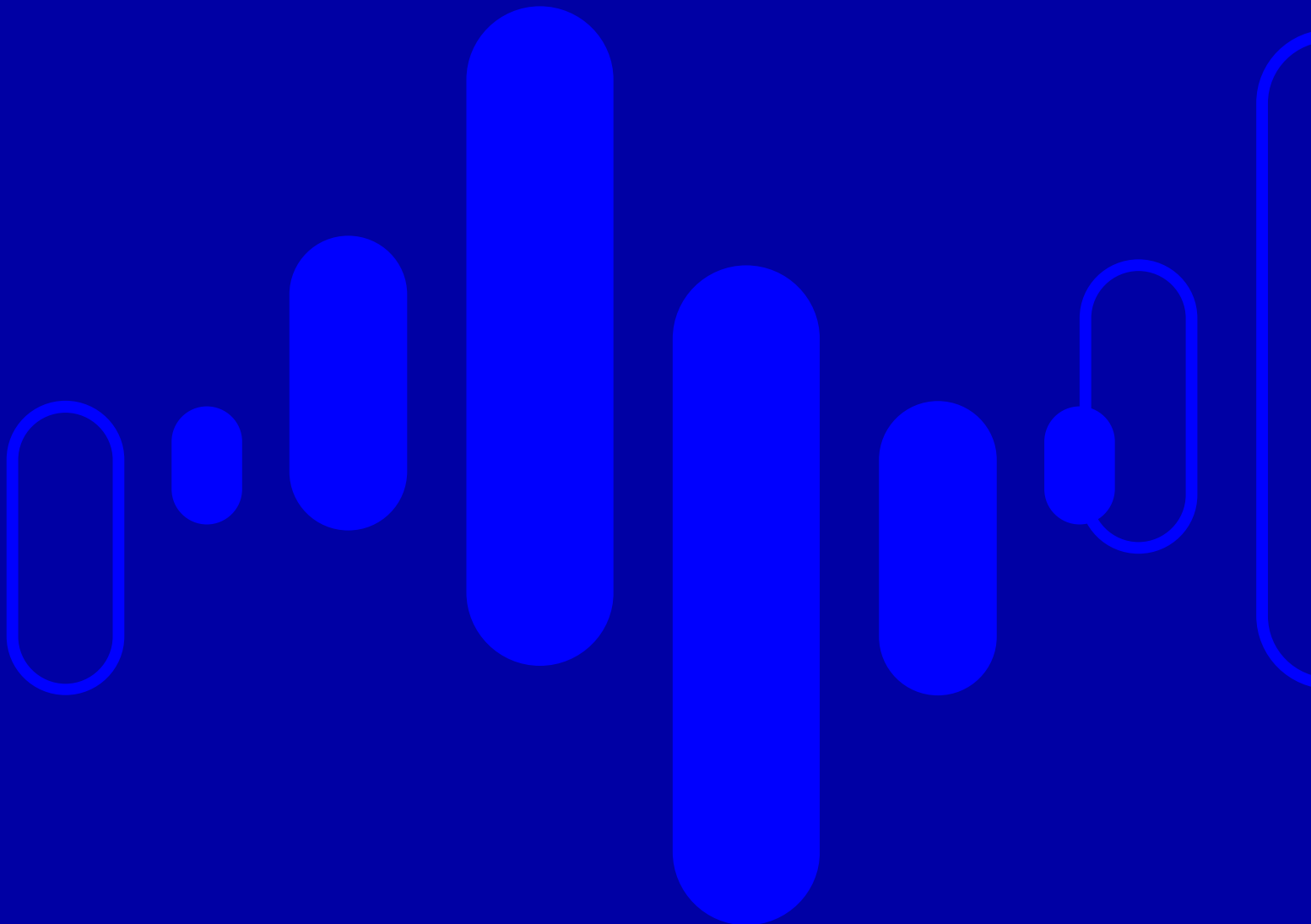
As both realities of climate and other sustainability risks, and the recognition of these by regulators and legal authorities across the world become more widespread, we expect the explicit adoption by investors of a universal owner perspective to become increasingly common. This, in turn, has important implications for the scope of what constitutes the fiduciary duty of financial market participants, including both asset managers and institutional investors. The argument is perhaps best laid out in the 2024 report on pension fund trustees’ duties in the context of climate change, from the UK Financial Markets Law Committee, which – among other important observations – explicitly states that there can be situations in which it may be necessary to forgo short-term gains, because they give rise to “identifiable risk to long-term investment returns”.

All in all, while there is no shortage of competing priorities, we remain as fully committed to responsible investing as we have been all along. “Returns with Responsibility” is our motto – because we appreciate that one is not sustainable without the other.



**Eric Pedersen**  
Head of Responsible  
Investments

# Appendices





# Implementation of Principles for Responsible Investment (PRI)

## Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

- We have a RI policy that is applicable to all our products<sup>42</sup>
- We have a dedicated ESG research function whose analytical process is subject to constant development. We run and maintain an internal ESG scoring platform
- We source ESG research from brokers and specialist research providers
- We collaborate with academic and other researchers to further knowledge on ESG
- We run a series of workshops internally on ESG issues, and we teach investment professionals how to integrate them in their analysis
- We work closely with PMs running ESG-enhanced products to enhance the integration of ESG into their investment processes

## Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

- We publish a RI policy which extensively covers active ownership and has the Principles at its core
- We vote our holdings and frequently use the vote as an engagement tool
- We have a track record of filing, co-filing or supporting shareholder resolutions with a long-term ESG focus
- We have extensive engagement capabilities and an award-winning engagement program
- We are active participants in policy development, regulation and standard setting through bodies such as the SASB Investor Advisory Group, TCFD pilot group, and Swedish nomination committees
- We participate in numerous collaborative engagement initiatives, such as Climate Action 100+ and the Corporate Human Rights Benchmark (CHRB)
- Investment managers are encouraged to include ESG engagement in their reporting

## Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

- We advocate for standardised reporting on ESG issues and are active and prominent supporters of SASB
- We consistently encourage companies to include ESG issues in their annual reports
- We are a part of the TCFD pilot group, and systematically promote better climate disclosure across industries

## Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

- We include indicators related to the Principles in performance evaluation and incentives
- We extensively collaborate with service providers to help them meet our ESG requirements
- We support regulatory and policy developments that promote the Principles

## Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

- We collaborate with selected fellow investors to enhance our practices
- We participate and lead various collaborative initiatives, see list under Principle 2

## Principle 6: We will each report on our activities and progress towards implementing the Principles.

- Our RI annual report contains a section that explains how ESG issues are integrated in investment practices
- Our RI annual report contains a section that details active ownership activities
- We report on achievements related to the Principles in our RI annual report
- We seek to determine the impact of integration activities throughout our portfolios, for example by benchmarking carbon footprint and SDG exposure

42) The RI Policy applies to all Nordea-branded investment strategies, with the exception of any holdings by such strategies in external funds and index derivatives and selected discretionary mandates on clients' request.

# RI Initiatives

NAM is a member and signatory in several RI initiatives and forums.

## Investor statements and letters

**Petrochemical Investor statement:** The statement is signed by 70 international financial institutions with a combined AUM/AUA total of USD 6.8 calling on petrochemical companies to transition to safe and environmentally sound practices, by reducing fossil fuel dependency and eliminating hazardous chemicals in plastics.

**Investor Action on AMR (IAAMR) Public Investor Statement | FAIRR:** As partners of the Investor Action on AMR Initiative NAM wrote this open statement in its capacity as institutional investors and investor representatives to stress our concerns regarding antimicrobial resistance (AMR) as a systemic risk to investment portfolios, economic stability and to broader society.

**Letter Calling on the EU to Set a Greenhouse Gas Emissions Reduction Target of at least 90% by 2040:** The letter strongly urges the Environment and Climate ministers of the European Union to adopt a robust target which will boost the resilience of the EU, ensure energy security, and enhance competitiveness.

**Investor Statement on Shareholder Rights:** On May 28, 2024, Nordea Asset Management, along with other investors managing \$4.8 trillion in assets, signed the Investor Statement on Shareholder Rights. This statement supports the SEC's role in arbitrating shareholder proposals and expresses concern over litigation that may discourage sustainability-related proposals. It advocates for constructive dialogue between companies and investors to address concerns, rather than resorting to legal action that could undermine shareholder advocacy in the U.S.

**Investor Sign-on Comment Letter Environmental and Climate Change Canada Methane (ECCC):** Nordea Asset Management had commended ECCC's efforts to adopt cost-effective regulations to achieve at least a 75% reduction in oil and gas methane emissions by 2030 from a 2012 baseline and urge to move swiftly to adopt comprehensive final standards.

**Investor Statement to end plastic pollution:** In Oct 2024, NAM joined 179 other financial institutions in signing an investor statement supporting a legally binding international treaty to end plastic pollution. The statement, collaboratively drafted by UNEP FI, PRI, Finance for Biodiversity Foundation, Business Coalition for a Global Plastics Treaty, VBDO, and CDP, outlines the financial sector's perspective on essential components for an effective global plastics agreement.

## Investor initiatives

### Access to Medicine Index

Access to Medicine Index analyses the top 20 research-based pharmaceutical companies on how they make medicines, vaccines and diagnostics more accessible in low- and middle-income countries. It highlights best and innovative practices, and areas where progress has been made and where action is still required.

### Antimicrobial Resistance (AMR) Benchmark

The AMR Benchmark tracks how pharmaceutical companies are responding to heightened drug resistance. We were a member of the expert committee between 2017 and 2019.

### Canada Climate Engagement (CEC)

Climate Engagement Canada (CEC) is a collaborative engagement initiative targeting the country's heaviest emitters. It is coordinated by Canada's Responsible Investment Association, the Shareholder Association for Research and Education (Share) and Ceres. Nordea Asset Management joined CEC in 2023 as the first international supporter.

### Carbon Disclosure Project (CDP)

Nordea is a signatory to the CDP, a project that aims to collect and share information on greenhouse gas emissions and climate change strategies. We are also represented on the CDP Water Advisory Council.

### Climate Action 100+

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

### Diversity Project Europe

Since 2021 NAM has been a part of Diversity Project UK which is a cross-company initiative championing a truly diverse, equitable and inclusive UK investment and savings industry. The project is a non-profit organisation structured with a board, advisory council and steering group. Kasper Elmgreen, CIO of Fixed Income & Equities, has taken a seat in the advisory council which is a group responsible for defining and setting out the strategy of the project.

### **Farm Animal Investments Risk and Return (FAIRR)**

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

### **Finance for Biodiversity Pledge**

The Finance for Biodiversity Pledge is a commitment of 84 financial institution, representing € 12.6 trillion in AuM, to protect and restore biodiversity through their finance activities and investments. The Pledge consists of 5 steps financial institutions promise to take: 1. Collaborating and sharing knowledge, 2. Engaging with companies, 3. Assessing impact, 4. Setting targets, and 5. Reporting publicly on the above before 2025.

### **Global Impact Investing Network (GIIN)**

The Global Impact Investing Network (GIIN) convenes impact investors to facilitate knowledge exchange, highlighting innovative investment approaches, building the evidence base for the industry and producing valuable tools and resources.

### **Hållbart Värdeskapande (Sustainable Value creation)**

Hållbart värdeskapande, is a collaborative initiative between Swedens targets investors which was initiated already in 2009. The overall aim has been to acknowledge the importance of enhancing listed companies sustainability agenda and practices.

### **IFRS Sustainability Alliance (ISSB; SASB and TCFD)**

We are founding member of the ISSB Investor Advisory Group (IIAG) - previously SASB's Investor Advisory Group (IAG) - and our head of Responsible Investments is currently member of the IIAG. As part of this work we lead disclosure engagements with companies, and demonstrate how SASB standards are used by investors in different forms. In addition, we are an official supporter of TCFD which provides a foundation for climate-related financial disclosures for all companies, aimed at encouraging companies to report on the climate-related risks and opportunities that are relevant to their business activities.

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

The Institutional Investors Group on Climate Change provides investors with a collaborative platform to encourage public policies, investment practices and corporate conduct that address long-term risks and opportunities associated with climate change.

### **Institutional Owners Association (Sweden)**

The Institutional Owners' Association (IÄF) was formed in 2003 and is a collaboration between Swedish institutional owners. IÄF is a non-profit association with the purpose of safeguarding the interests of its members as institutional owners of the Swedish stock market by promoting a good development of self-regulation in the stock market. This is primarily done by the IÄF participating in the Swedish stock market's self-regulatory bodies in appropriate forms and, where appropriate, appointing or nominating persons to be members of the board of directors or participate in other activities.

### **International Corporate Governance Network (ICGN)**

The International Corporate Governance Network's mission is to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide.

### **Investor Action on Antimicrobial Resistance (IAAMR)**

Investor Action on Antimicrobial Resistance is a coalition between the Access to Medicine Foundation, the FAIRR Initiative, the Principles for Responsible Investment and the UK Government Department of Health and Social Care to galvanise investor efforts to address global antimicrobial resistance.

### **Investor Alliance for Human Rights (IAHR)**

We are a member of this investor initiative, with more than 210 investors, focusing on the investor responsibility to respect human rights, corporate engagements that drive responsible business conduct, and standard-setting activities that push for robust business and human rights policies. The collaborative investor engagement is based on the Corporate Human Rights Benchmark (CHRB) assessments. Nordea was a funding and steering committee member of the CHRB between 2016-2020 and is a lead investor of the investor initiative together with Aviva and APG.

### **Investor Initiative on Hazardous Chemicals (IIHC)**

The Investor Initiative on Hazardous Chemicals (IIHC) is an investor-led initiative that encourages chemical companies to increase transparency and stop the production of persistent chemicals. The aim of the IIHC is to reduce adverse impacts from hazardous chemicals and thereby exposure to the financial risks to which they are linked.

Cecilia Fryklöf, our Climate & Nature head, is member of the Steering Committee of the Investor Initiative on Hazardous Chemicals (IIHC – supported by ChemSec).

### **Investor Leadership Network (ILN)**

The Investor Leadership Network aim is to facilitate and accelerate collaboration by leading institutional investors to drive the transition to a sustainable and inclusive global economy. As the leading network of investors taking action for people, planet and prosperity, the CEO-led group is composed of 13 global institutional investors representative of six countries, with over US\$10 trillion in assets under management.

### **Investor Policy Dialogue on Deforestation (IPDD)**

Nordea is a founding and management committee member of the Investors Policy Dialogue on Deforestation (IPDD) initiative, which was formally established in July 2020. The objective of the IPDD initiative is to ensure long-term financial sustainability of investments by promoting sustainable land use and forest management and respect for human rights. We are part of the IPDD Brazil Working stream as well as the IPDD Indonesia Working stream.

### **Nature Action 100**

In 2023, NAM joined more than 200 institutional investors – representing \$26.6 trillion in assets under management, in Nature Action 100, an Investor focusing on companies “systematically important” to reverse nature and biodiversity loss. The initiative has entered its engagement phase and we participated in the letter that was sent to 100 companies, who have been identified as critical for biodiversity protection and restoration.

### **Net Zero Asset Managers Initiative (NZAM)**

In December 2020, we became an early joiner, committing to support the goal of net zero emissions by 2050, in line with the global efforts to limit warming to 1.5 degrees through our investments.

### **Operating Principles for Impact Management (OPIM)**

NAM has signed the Operating Principles for Impact Management (OPIM). We are joining 180+ signatories representing \$580B in AuM with this pledge to integrate impact throughout the investment process in alignment with 9 principles.

### **Partnership for Carbon Accounting Financials (PCAF)**

In 2020, we joined this global partnership of financial institutions launched in 2015 aiming develop a harmonised approach to measure and disclose GHG emissions associated with loans and investments. A harmonised accounting approach provides financial institutions with guidance in developing risk management and regulatory compliance as well as a starting point required to align their portfolio with the Paris Agreement.

### **Pharmaceutical Supply Chain Initiative Advisory Panel**

Since 2018 NAM is on the Advisory Panel of this industry-led organization aimed at establishing and promoting responsible practices for pharma supply chains. The dialogue and relationship with PSCI is part of our engagement with the world's largest pharma companies to address pharma water pollution in India, one of the largest drug manufacturing hubs in the world. WE are a member of the advisory board, as the only asset manager.

### **Principles for Responsible Investment (PRI)**

PRI is an investor initiative to incorporate ESG in investment processes. We were an early adopter of RI and signed the PRI as early as 2007.

### **Swedish Investors for Sustainable Development**

Partnership comprising 20 of the largest financial actors on the Swedish market and the Sweden's government agency for development cooperation (Sida) formed in 2016 and works to explore the role of investors, risks and opportunities related to the 2030 Agenda. Nordea joined in 2020.

### **Transition Pathway Initiative**

We are a supporter of the Transition Pathway Initiative (TPI), which is a global, asset-owner led initiative assessing companies' preparedness for the transition to a low carbon economy.

### **UN Environmental Programme Finance Initiative**

We signed the UNEP FI in 1994. It is a partnership between UNEP and the global financial sector to mobilise private sector finance for sustainable development. We also became a member of the UNEP FI Banking Committee in 2018 and now since August 2020 holds the Scandinavian seat on the UNEP FI Banking Board. In 2021, Nordea Group's CEO Frank Vang-Jensen was invited to join the UNEP FI Leadership Council.

### **UN Global Compact**

Initiated by the UN to encourage businesses to align their strategies and operations with ten universal principles building on UN conventions in the fields of human rights, labour standards, environment and anticorruption. We became a signatory to the UN Global Compact in 2002, first through Nordea Bank Finland. From December 2004 the coverage was extended to the whole Group.

### **UNICEF Sweden**

It is collaborative investor engagement focusing on Swedish investors and Swedish companies gaming, telecoms and social media and with support from UNICEF Sweden as the expert on child-related aspects.

### **World Benchmarking Alliance (WBA)**

Between 2016 and 2020, we were a funding and steering committee member of the Corporate Human Rights Benchmark (CHRB) initiative which has now been integrated with the World Benchmarking Alliance (WBA). Since 2017, we have been part of WBA Allies representing organisations working at global, regional, and local levels to shape the private sector's contributions to achieving the SDGs.

# Significant votes 2024

Company Name	Summary of agenda item	Nordea vote	Rationale	Outcome of vote %	Significant vote	Implication of outcome
<b>Tesla</b>	Advisory Vote to Ratify Named Executive Officers' Compensation	<b>AGAINST</b>	We do not support the proposal as it does not protect or enhance long-term shareholder value creation	<b>20.6% DISSENT</b>	The vote addressed material issues in large holdings	We escalated our engagement and co-filed resolutions for 2025 on the same issues
<b>Tesla</b>	Shareholder proposal: Adopt a Non-Interference Policy Respecting Freedom of Association	<b>FOR</b>	We support the proposal due to materiality and concerns company's current strategy and lack of oversight	<b>22.8% FOR</b>	The vote addressed material issues in large holdings	We escalated our engagement and co-filed resolutions for 2025 on the same issues
<b>Amazon</b>	Shareholder proposal: Commission Third Party Assessment on Company's Commitment to Freedom of Association and Collective Bargaining	<b>FOR</b>	We support the proposal as the company's current disclosures provide insufficient transparency to properly assess the associated risks and opportunities	<b>31.8 % FOR</b>	The vote addressed material issues in large holdings	We escalated our engagement and co-filed resolutions for 2025 on the same issues
<b>Alphabet</b>	Shareholder proposal: Publish Human Rights Risk Assessment on the AI-Driven Targeted Ad Policies	<b>FOR</b>	We support the proposal as it improves transparency on material ESG issues such as human rights risk	<b>18.8% FOR</b>	The vote addressed material issues in large holdings	We escalated and co-signed letter to Chair on the same subject
<b>Meta</b>	Shareholder proposal: Report on Child Safety Impacts and Actual Harm Reduction to Children	<b>FOR</b>	We support the proposal as it improves transparency on material ESG issues such as human rights risk	<b>18.5% FOR</b>	The vote addressed material issues in large holdings	We will escalate our engagements
<b>Viaplay</b>	Approve Discharge of CEO Anders Jensen	<b>AGAINST</b>	We do not support the proposal as it does not protect or enhance long-term shareholder value creation	<b>More than 10% voted AGAINST*</b>	The vote addressed material issues in large holdings	We will continue to monitor
<b>Apple</b>	Shareholder proposal: Report on the use of Artificial Intelligence	<b>FOR</b>	We support the proposal based on factors related to a material controversy or thematic issue that have not been adequately addressed	<b>37.5% FOR</b>	The vote addressed material issues in large holdings	We will escalate our engagements
<b>Microsoft</b>	Shareholder proposal: Report on Risks of Operating in Countries with Significant Human Rights Concerns	<b>FOR</b>	We support the proposal as it improves transparency on material ESG issues such as human rights risk	<b>32% FOR</b>	The vote addressed material issues in large holdings	We will escalate our engagements
<b>Hindalco Industries</b>	Reelect Kumar Mangalam Birla as Director	<b>AGAINST</b>	Voted against the Chair due to inadequate transition planning and lack of response	<b>23.1% DISSENT</b>	The vote addressed material issues in large holdings	We will continue our engagements
<b>Total Energies</b>	Approve Report on Progress of Company's Sustainability and Climate Transition Plan	<b>AGAINST</b>	We do not support the proposal as it is not in line with our expectations on climate	<b>20.3% DISSENT</b>	The vote addressed material issues in large holdings	We will continue our engagements
<b>Toyota Motor</b>	Shareholder proposal: Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement	<b>FOR</b>	We support the proposal as it improves transparency on material ESG issues such as alignment with Paris Climate Agreement goals	<b>9.2% FOR</b>	The vote addressed material issues in large holdings	We will continue to monitor

\* According to Swedish regulations, discharge has not been approved if more than 10% vote against. Actual numbers of votes are not disclosed from Swedish General Meetings.

# Reporting and transparency

## Responsible Investment at NAM

[Responsible Investment Microsite](#)

[Nordea Responsible Investment Policy](#)

[Corporate Exclusion List](#)

[Dedicated Sustainable STARS Microsite](#) (including quarterly ESG Reports and monthly factsheets)

[Dedicated Thematic Sustainable Solutions Microsite](#) (including quarterly ESG Reports and monthly factsheets)

[Dedicated Climate Expertise Microsite](#)

## Nordea Group Sustainability

[Nordea Group Annual Report](#)

## Corporate Governance and Active Ownership

[Nordea Corporate Governance Principles](#)

[Nordea Engagement Policy](#)

[Voting Portal](#)

## Climate

[Annual Climate Report](#)

[Paris Aligned Fossil Fuel Policy](#)

## Biodiversity

[Biodiversity Report](#)

## SFDR information and reporting

[Principal Adverse Impact statement](#)

[Sustainability risk integration into remuneration](#)

[Sustainability risk integration into investment decision-making process](#)

[Sustainability-related disclosures](#) (Product-Specific Article 10 documents)

[Glossary](#)

For more information:



**Nordea**  
ASSET MANAGEMENT

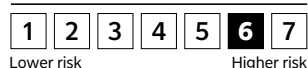
# ESG Sustainable STARS Funds – risks for European Investors

May 2025

## Nordea 1 – Asian Sustainable Stars Equity Fund

LU2152927971 (BP-USD) / LU2152928607 (BI-USD)

### Risk indicator



## Nordea 1 – Emerging Sustainable Stars Equity Fund

LU0602539602 (BP-USD) / LU0602539354 (BI-USD)

### Risk indicator



## Nordea 1 – European Corporate Sustainable Stars Bond Fund

LU1927797156 (BP-EUR) / LU1927797586 (BI-EUR)

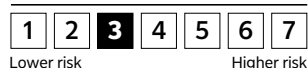
### Risk indicator



## Nordea 1 – European High Yield Sustainable Stars Bond Fund

LU1927798717 (BP-EUR) / LU1927799012 (BI-EUR)

### Risk indicator



## Nordea 1 – European Small and Mid-Cap Sustainable Stars Equity Fund

LU0417818407 (BP-EUR) / LU0417818316 (BI-EUR)

### Risk indicator



## Nordea 1 – European Sustainable Stars Equity Fund

LU1706106447 (BP-EUR) / LU1706108732 (BI-EUR)

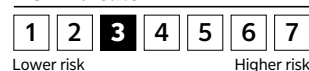
### Risk indicator



## Nordea 1 – Global High Yield Sustainable Stars Bond Fund

LU2638553375 (BP-USD) / LU2638554936 (BI-USD)

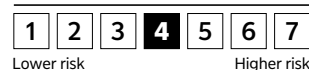
### Risk indicator



## Nordea 1 – Global Sustainable Stars Equity Fund

LU0985320562 (BP-USD) / LU0985319804 (BI-USD)

### Risk indicator



## Nordea 1 – Nordic Sustainable Stars Equity Fund

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

### Risk indicator



## Nordea 1 – North American High Yield Sustainable Stars Bond Fund

LU1937720214 (BP-USD) / LU3058685580 (BI-USD)

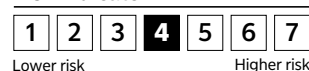
### Risk indicator



## Nordea 1 – North American Sustainable Stars Equity Fund

LU0772958525 (BP-USD) / LU0772957808 (BI-USD)

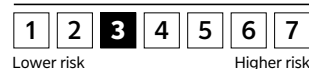
### Risk indicator



## Nordea 1 – US Corporate Sustainable Stars Bond Fund

LU1933824283 (BP-USD) / LU1933824366 (BI-USD)

### Risk indicator



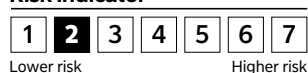
## Sustainable Thematic Funds – risks for European Investors

May 2025

### Nordea 1 – European Corporate Sustainable Labelled Bond Fund

LU2797543282 (BP-EUR) / LU2797543365 (BI-EUR)

#### Risk indicator



### Nordea 1 – European Sustainable Labelled Bond Fund

LU2794622899 (BP-EUR) / LU2794622113 (BI-EUR)

#### Risk indicator



### Nordea 1 – Global Climate and Environment Fund

LU0348926287 (BP-EUR) / LU0348927095 (BI-EUR)

#### Risk indicator



### Nordea 1 – Global Impact Fund

LU2355697216 (BI-USD) / LU2355687059 (BP-USD)

#### Risk indicator



### Nordea 1 – Global Social Empowerment Fund

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

#### Risk indicator



### Nordea 1 – Global Sustainable Listed Real Assets Fund

LU2500361329 (BP-USD) / LU2500361675 (BI-USD)

#### Risk indicator



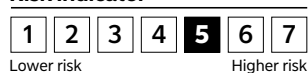
## Engagement Focus Funds – risks for European Investors

May 2025

### Nordea 1 – Global Climate Transition Engagement Fund

LU2463526074 (BP-USD) / LU2463525423 (BI-USD)

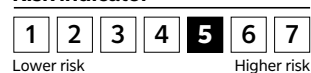
#### Risk indicator



### Nordea 1 – Global Diversity Engagement Fund

LU1939214778 (BP-USD) / LU1939215403 (BI-USD)

#### Risk indicator





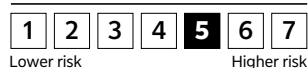
# BetaPlus Enhanced Sustainable Funds – risks for European Investors

May 2025

## Nordea 2 – BetaPlus Enhanced Emerging Markets Sustainable Equity Fund

LU2206802311 (BI-USD)

### Risk indicator



## Nordea 2 – BetaPlus Enhanced European Sustainable Equity Fund

LU2206802311 (BI-USD)

### Risk indicator



## Nordea 2 – BetaPlus Enhanced Global Developed Sustainable Equity Fund

LU2832959154 (BI-USD)

### Risk indicator



## Nordea 2 – BetaPlus Enhanced Global Sustainable Equity Fund

LU1909042456 (BP-USD) / LU1909041722 (BI-USD)

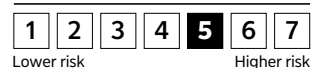
### Risk indicator



## Nordea 2 – BetaPlus Enhanced Global Sustainable Small Cap Equity Fund

LU2206802071 (BI-USD)

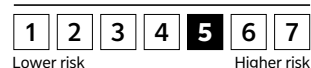
### Risk indicator



## Nordea 2 – BetaPlus Enhanced Japanese Sustainable Equity Fund

LU1648401740 (BI-JPY)

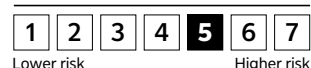
### Risk indicator



## Nordea 2 – BetaPlus Enhanced North American Sustainable Equity Fund

LU2206802741 (BI-USD)

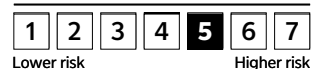
### Risk indicator



## Nordea 2 – BetaPlus Enhanced Swedish Sustainable Equity Fund

LU2122930915 (BP-SEK) / LU2171094183 (BI-SEK)

### Risk indicator



Please see below the list with the most recurrent risks for each of our **ESG STARS & Thematic funds**.

#### Equity funds

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**Derivatives risk:** Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general, and exposing the fund to potential losses significantly greater than the cost of the derivative.

**Depository receipt risk:** Depository receipts (certificates that represent securities held on deposit by financial institutions) carry illiquid securities and counterparty risks.

**Emerging and frontier markets risk:** Emerging and frontier markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, legal and currency risks, and are more likely to experience risks that, in developed markets, are associated with unusual market conditions, such as liquidity and counterparty risks.

**Securities handling risk:** Some countries may restrict securities ownership by outsiders or may have less regulated custody practices.

**Taxation risk:** A country could change its tax laws or treaties in ways that affect the fund or shareholders.

**Country risk – China:** The legal rights of investors in China are uncertain, government intervention is common and unpredictable, and some of the major trading and custody systems are unproven.

#### Bond funds

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**Derivatives risk:** Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general, and exposing the fund to potential losses significantly greater than the cost of the derivative.

**Prepayment and extension risk:** Any unexpected behaviour in interest rates could hurt the performance of callable debt securities (securities whose issuers have the right to pay off the security's principal before the maturity date).

**Credit risk:** A bond or money market security, whether from a public or private issuer, could lose value if the issuer's financial health deteriorates.

**For the complete list of the risks related to the funds, please refer to the section "Risk Descriptions" in the Prospectus and the PRIIPs KIDs of the respective funds.**

**Risks relevant to the strategies and funds presented, please consult the prospectus for a full description of the risks**

**Derivatives risk:** Small movements in the value of an underlying asset can create large changes in the value of a derivative, making derivatives highly volatile in general, and exposing the fund to potential losses significantly greater than the cost of the derivative.

**Emerging and frontier markets risk:** Emerging and frontier markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, legal and currency risks, and are more likely to experience risks that, in developed markets, are associated with unusual market conditions, such as liquidity and counterparty risks.

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