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

ESG Report

Nordea 1 – Global Social Empowerment Fund

Fourth quarter 2022



Nordea
ASSET MANAGEMENT

*The fund has been classified as an article 9 fund under SFDR.

The fund has environmental and/or social characteristics but does not have sustainable investment as its objective.

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Sustainability footprint

The sustainability footprint of EUR 100,000 invested in

Nordea 1 – Global Social Empowerment Fund

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

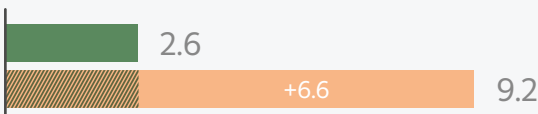
For illustrative purposes only

■ Nordea 1 – Global Social Empowerment Fund

■ Illustrative Benchmark: NASDAQ Global Large Mid Cap Index

CO₂ emissions¹ **2.6 t**

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



6.6 tonnes less than illustrative benchmark

1) Measured as CO₂-equivalent greenhouse gas emissions

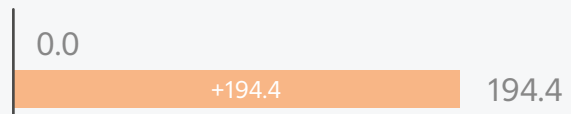
4.4



The equivalent of annual CO₂ emission from 4.4 cars

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

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



194.4 tonnes less than illustrative benchmark

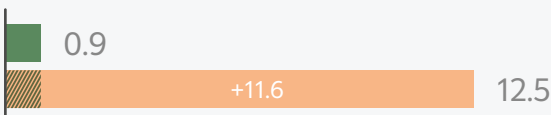


278x
CPH/BKK

Equal to 278 Copenhagen-Bangkok flights

Waste generation **0.9 t**

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



11.6 tonnes less than illustrative benchmark

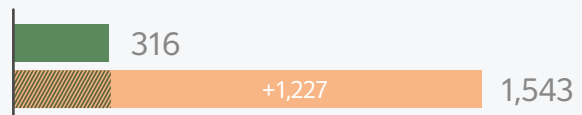
1,157



Equal to approx. 1,157 waste bags avoided

Water usage **316 m³**

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



1,227 m³ less than illustrative benchmark



8.5

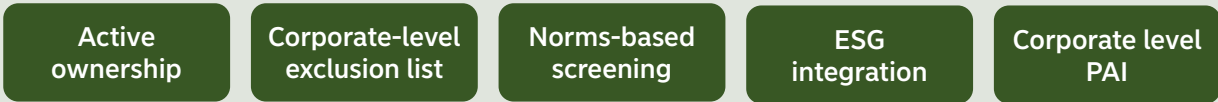
The equivalent of the water used by 8.5 households

This sustainability footprint overview is prepared by NASDAQ based on analysis of Nordea 1 – Global Social Empowerment Fund's holdings as of 31.12.2022. The analysis is based on the equity investments in the fund and the holdings are compared to the NASDAQ Global Large Mid Cap Index, a broad market index used as benchmark for illustrative purposes only and which does not correspond to the official benchmark of the fund. The calculations are based on an example investment of 100,000 EUR, of which ca. 98% is invested in equities. For illustration purposes only. This overview does not constitute investment advice. Please note that the value of investments can go up as well as down and you might not get back the amount originally invested. Data & metrics are powered by Matter.

Overview of ESG characteristics

Corporate level ESG overlays of Nordea Asset Management

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



All of our funds are subject to minimum sustainability-related eligibility criteria. For example, we do not invest in companies involved in the production of controversial, illegal or nuclear weapons. Nor do we invest in companies with large and sustained exposure to coal mining, with a 5% revenue threshold on thermal coal, and a 30% revenue threshold on total coal (including metallurgical coal). Similarly, we exclude companies with large and sustained exposure to oil and gas extraction through oil sand with 5%, and arctic drilling with 5% revenue threshold.

Fund specific ESG characteristics

Industry exclusions

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

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

* 5% revenue threshold on production

SFDR classification: Article 9

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

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

ESG labels⁷



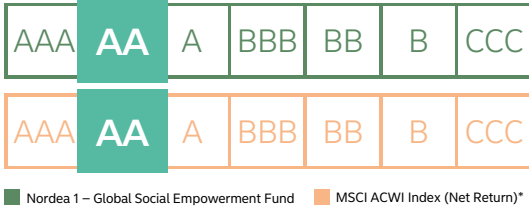
Find out more about RI at Nordea Asset Management:

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

2) By coal is meant the extraction of both metallurgical and thermal coal. 3) 5% revenue threshold or alignment with the Paris Agreement as per the PAFF. Refers to oil & gas exploration and production companies, as well as integrated oil & gas companies (BICS classification 135 and 136). 4) 0% revenue threshold on oil sands, shale oil/gas, hydraulic fracturing, and Arctic drilling. 5) 0% revenue threshold. Controversial weapons include anti-personnel mines, cluster munitions, depleted uranium, biological/chemical weapons, incendiary devices. 6) 0% revenue threshold. Production and development of nuclear weapons. 7) Towards Sustainability recognises the Nordea 1 – Global Social Empowerment Fund, validity 07.2022 – 07.2024. For more information on sustainability-related aspects of the fund, please visit nordea.lu/SustainabilityRelatedDisclosures.

ESG overview

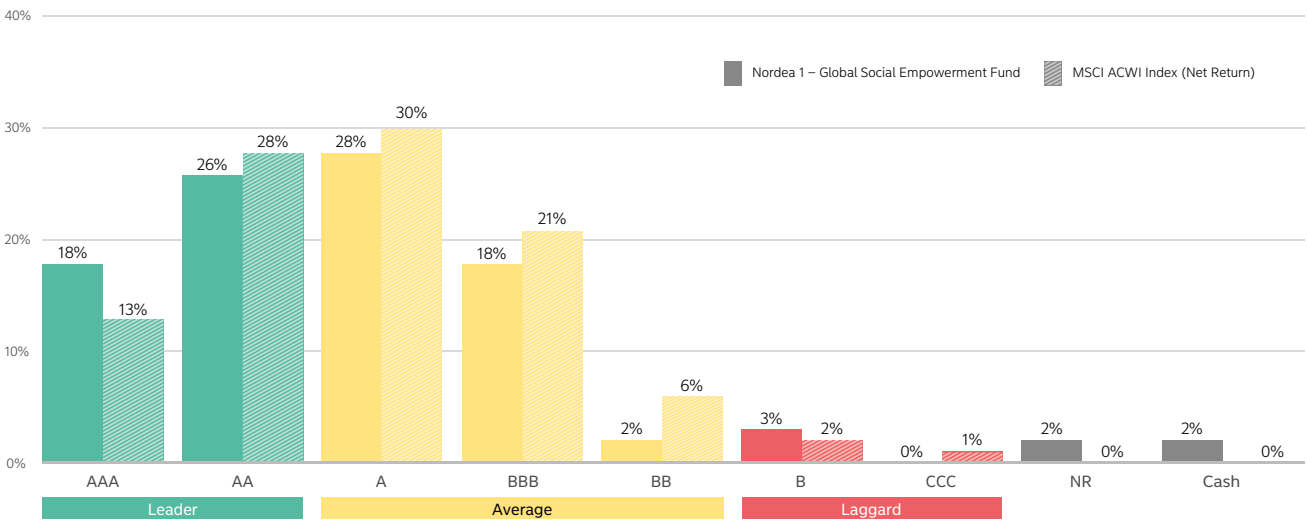
ESG rating⁸



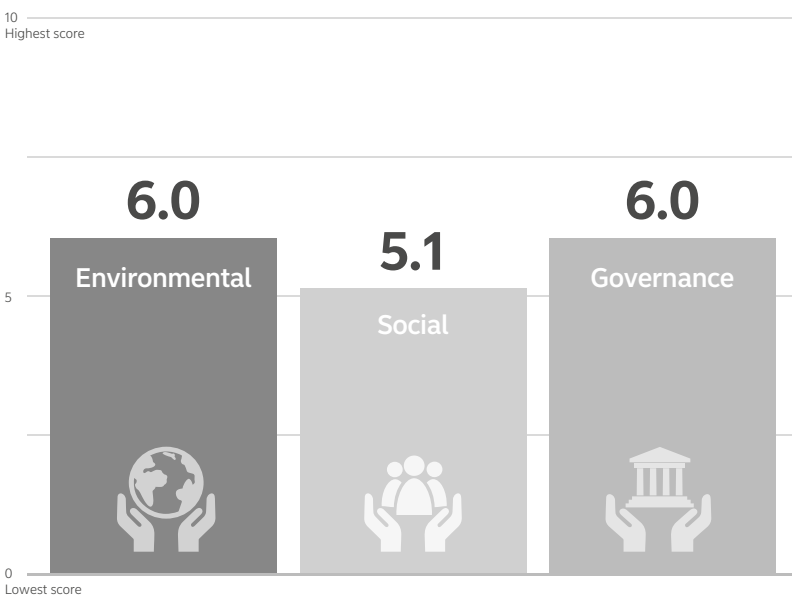
Please note that the MSCI ESG rating is mainly backward looking, relying mainly on publicly available information and can differ from Nordea’s internal ESG scoring which is based on a forward-looking approach.

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

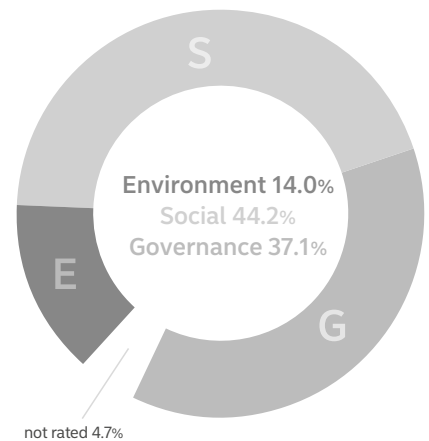
ESG Rating breakdown⁸



ESG scores by pillar⁸



ESG risk exposure⁸









⁸) ©2022 MSCI ESG Research LLC. Reproduced by permission.
 *The fund uses a benchmark which is not aligned with the environmental and social characteristics of the fund.

ESG indicators

Environmental indicators







■ Nordea 1 – Global Social Empowerment Fund ■ Benchmark⁹⁾

<p>97 t</p>  <p>0.0%</p>  <p>0.0%</p> 	<p>165 t</p>  <p>6.8%</p>  <p>3.1%</p> 	<p>Weighted Average Carbon Intensity (tCO₂e/USD million)</p> <p>The WACI measures a portfolio’s exposure to carbon intensive companies.</p> <p>Exposure to high impact fossil fuel reserves</p> <p>The percentage of portfolio’s market value exposed to companies that own high impact fossil fuel reserves.</p> <p>Exposure to environmental controversies</p> <p>The percentage of portfolio’s market value exposed to companies facing one or more very severe environmental controversies.</p>
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Social indicators

<p>0.0%</p>  <p>6.3%</p>  <p>2.5%</p> 	<p>0.7%</p>  <p>6.8%</p>  <p>18.7%</p> 	<p>Exposure to human rights norms violation</p> <p>The percentage of portfolio’s market value exposed to companies in violation of international norms around human rights.</p> <p>Exposure to human rights controversies</p> <p>The percentage of portfolio’s market value exposed to companies facing one or more very severe human rights and community controversies.</p> <p>Exposure to labour controversies</p> <p>The percentage of portfolio’s market value exposed to companies facing one or more very severe labour controversies.</p>
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Governance indicators

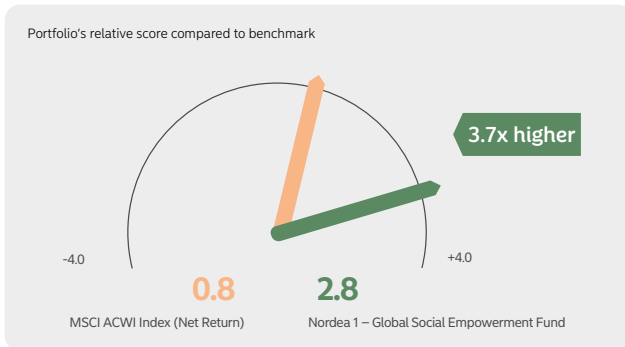
<p>0.0%</p>  <p>87.0%</p>  <p>0.0%</p> 	<p>1.9%</p>  <p>89.4%</p>  <p>7.9%</p> 	<p>Exposure to companies with no female directors</p> <p>The percentage of portfolio’s market value exposed to companies with no female directors.</p> <p>Exposure to companies with a majority of independent board members</p> <p>The percentage of portfolio’s market value exposed to companies with board independence above 50%.</p> <p>Exposure to governance controversies</p> <p>The percentage of portfolio’s market value exposed to companies facing one or more severe or very severe governance controversies.</p>
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9) As measured by the iShares MSCI ACWI ETF. Source: MSCI ESG Research LLC. as of 31.12.2022. ©2022 MSCI ESG Research LLC. Reproduced by permission. Portfolio coverage 99.54%. Weighted Average Carbon Intensity based on MSCI World Index (Net Return) as of 31.12.2022. Scope 1&2. For further information on scope 1&2 please refer to the “Methodology – Sustainability footprint” section in the appendices of this report. This metric relies on carbon data gathered by Nordea Investment Funds S.A., MSCI Inc. and is based on the Swedish Fund Association’s recommendation. Further information on the calculation approach is available at: nordea.lu/documents/esg---carbon-footprint-disclosure/ESG-CFD_eng_INT.pdf. Source: Nordea Investment Funds S.A., MSCI Inc.

Contribution to SDGs

Total sustainability score (vs benchmark)

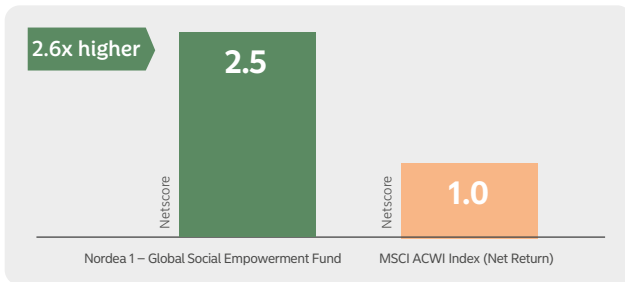
The chart below shows the contribution of the portfolio holdings products and services to both environment and social considerations compared to companies held in the benchmark. The contribution of the portfolio to the 15 objectives (social and environmental) is 3.7x higher than the benchmark.



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

Exposure to the 7 social objectives¹⁰

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



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

Top 3 social objectives

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

Top contributors

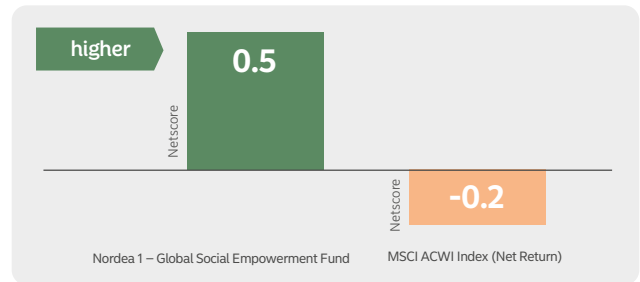
1. Merck (US, Health Care)
2. AbbVie (US, Health Care)
3. Stryker (US, Health Care)

Notes

Benchmark	MSCI ACWI Index (Net Return)
Portfolio coverage	98 %
Benchmark coverage	99 %
Portfolio holdings	57

Exposure to the 8 environmental objectives¹⁰

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



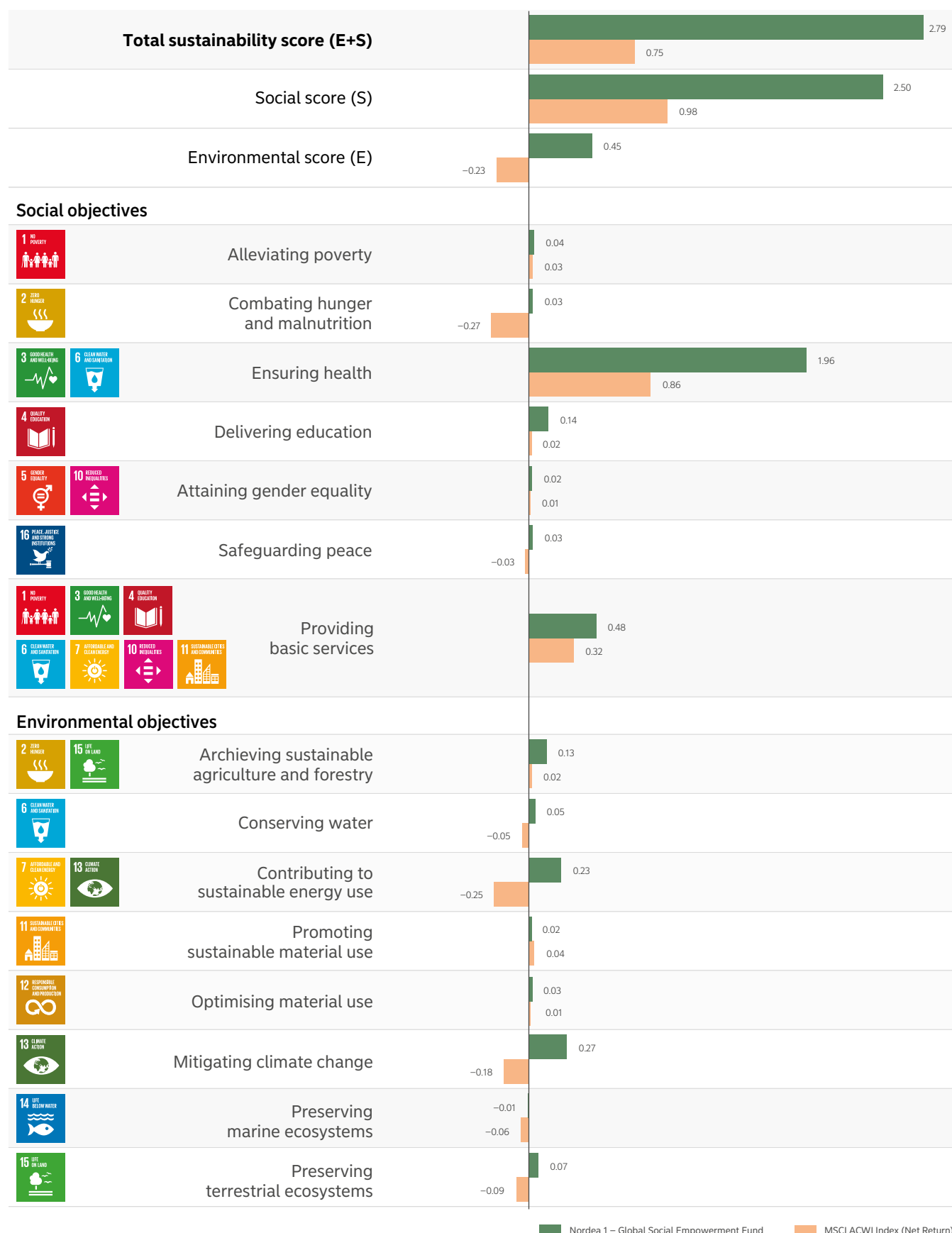
Comparison with other financial products or benchmarks is only meant for indicative purposes.

Top 3 environmental objectives

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

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

Sustainability score details



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

Active ownership

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

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

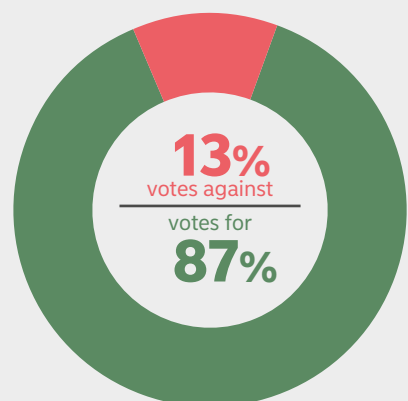
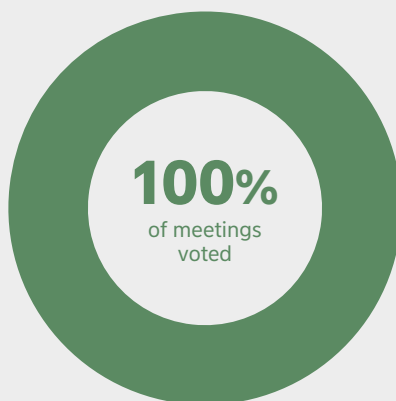
Engagement is the next step of being an active owner and is a crucial component of our RI philosophy and framework. Our engagement activities fall into one

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

Engagement categories:

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

Voting



Engagement cases

Companhia de Saneamento Básico do Estado de São Paulo S.A (Sabesp)

Nordea ESG scoring ¹¹	Proxy Voting ¹²	SDG Engagement	Engagement topic
A	✓	13 Climate action	Environment – GHG Emissions Environment – Paris Alignment

Overview

Sabesp is a water and sewage service provider. The Company provides water and sewage services to a range of residential, commercial, industrial and governmental customers in over 360 municipalities in the state of Sao Paulo, including the city of Sao Paulo. The Company’s segments include Water and Sewage. The Company also supplies treated water on a wholesale basis to approximately 10 municipalities located in the Sao Paulo metropolitan region and urban conurbations. The Company’s activities comprise water supply, sanitary sewage services, urban rainwater management and drainage services, urban cleaning services, solid waste management services and related activities.¹³

Background

For this engagement, we focused on decarbonization at Sabesp and more generally their progress towards alignment with the Paris Agreement. Nordea Asset Management is a signatory of the Net Zero Asset Managers Initiative (NZAM) which includes 291 signatories with USD 66 trillion in total AuM.¹⁴ In line with this initiative, we have committed to the overarching NZAM commitments and further specified how we will reach these targets.¹⁵ Part of this culminates in an engagement program, which targets our top 200 financed emitters in listed equity. Companies may be a part of this list either due to high GHG emissions, us having a sizable investment or a combination of the two.

With Sabesp being one of the companies on this list, we initiated this engagement by laying out the six KPIs that we

analyse investee companies on and by giving the company a chance to add additional inputs to our assessment that we can reflect this in their ‘alignment status’ going forward.¹⁶

The Engagement

Sabesp confirmed that their Corporate Climate Strategy is laid out into two action fronts: adaptation and resilience to extreme events and the management of GHG emissions. Especially the former is a crucial consideration given that Sabesp is a provider of essential services with many people relying on the proper functioning of their services. The management of GHG emissions includes annual emissions inventories where the company follows the IPCC (Intergovernmental Panel on Climate Change) methodology and also analyses actions to reduce emissions.

Furthermore, Sabesp laid out some of the investments they have made in recent years in operational, technological, innovation and new business development programs. Amongst these, they highlighted the optimization of the operation of Sewage Treatment Plants, the expansion of the beneficial use of biogas and generated sludge as well as increasing the usage of renewable energy. Additionally, the company highlighted forest conservation and recompositing activities.

Finally, Sabesp explained that to improve their medium and long-term strategy they are currently working together with an external partner to prepare a plan of goals to reduce GHG emissions which will be in line with past Sao Paolo campaigns such as ‘Race to Zero’ and

‘Race to Resilience’ and overall aligned with the Climate Action Plan 2050 (PAC 2050). The PAC is in the public consultation phase from the state government and will include goal scenarios for companies within the sanitation sector.

As the company is still in the process of completing their prior year emissions inventory, they laid out the inventory of 2020. Given their activity, sewage collection and treatment activities are the largest source of emissions accounting for around 92% of the total. Electricity consumption follows with 7% and 1% is other activities. Sabesp also laid out that through collection and treatment in within their operated area, carbon removal is achieved compared to the counterfactual of just releasing generated sewage directly into water bodies. Thus, the expansion of their services especially in underserved areas can also be seen through an ‘emissions-avoided’ lens.

Outcome

Given that this was our first contact with the company regarding our Top 200 programme and the associated KPIs we were pleased to further understand the company’s current status and priorities. While the company does not have a public commitment to net-zero emissions by 2050 or sooner, they are closely monitoring the climate plan of the state of Sao Paolo which is currently under development and which Sabesp stated that they will adhere to.

As this programme will continue to run going forward, we will stay in contact with the company and dive into more granular aspects of the ‘Net-Zero Investment Framework’ KPIs.

11) Current scoring, based on Nordea proprietary ESG model. 12) Proxy voting refers to the last 12 month-period. Generally, we vote in annual reports and most of the Annual General Meetings (AGM) which occurs once a year. If there is no vote, it is generally because the fund was not invested at the time when the AGM took place. 13) Source: Reuters: [Company Information Sabesp](#). 14) Source: NZAM: [www.netzeroassetmanagers.org](#). 15) Source: NZAM (2021): [Progress Report](#) [p.59 for more information on NAM] 16) Source: IIGCC (2021): [Net Zero Investment Framework Implementation Guide](#) [please see p.16 ff. for further information on the KPIs and different alignment statuses] Please find out more on [nordea.com/sustainability](#) or access directly the [voting portal](#).

Appendix

Methodology – Sustainability footprint

CO₂e emissions

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

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

Why do we measure the CO₂e emissions footprint:

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

Fossil reserves

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

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

Why do we measure the fossil reserves footprint:

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

What are CO₂ equivalents:

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

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

What are Scope 1, 2 and 3 CO₂ emissions:

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

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

Waste generation

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

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

Why do we measure the waste generation footprint:

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

Water usage

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

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

Why do we measure the water usage footprint:

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

Disclaimer

Sustainability information

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

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

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

Methodology – ESG overview

ESG rating

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

ESG rating breakdown

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

Portfolio ESG scores per pillar

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

ESG risk exposure

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

Environmental characteristics

Weighted average carbon intensity (WACI):

The WACI measures a portfolio's exposure to carbon intensive companies. Since companies with higher carbon intensity are likely to face more exposure to carbon related market and regulatory risks, this metric can serve as a proxy for a portfolio's exposure to potential climate change-related risks relative to other portfolios or relative to a benchmark.

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

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

Exposure to high impact fossil fuel reserves (%):

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

Exposure to environmental controversies (%):

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

Social characteristics

Exposure to human rights norms violation (%):

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

Exposure to human rights controversies (%):

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

Exposure to labour controversies (%):

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

Governance characteristics

Exposure to companies with no female directors (%):

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

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

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

Exposure to governance controversies (%):

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

Methodology – Contribution to SDGs

Description

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

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

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

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

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

List of the 15 overarching sustainable objectives

7 Social objectives

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

8 Environmental objectives

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

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

Complete list of SDGs:



UN Sustainability Development Goals

UN Sustainability Development Goals

Corresponding ISS-ESG Sustainability Objectives

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

Glossary

Active ownership

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

Engagement

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

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

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

Enhanced exclusion filters and limits

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

Environmental, Social and Governance (ESG)

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

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

ESG integration

The explicit inclusion of ESG risks and opportunities into traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This considers ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

Exclusion list

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

Integration of Principal Adverse Impact (PAI)

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

Norms-based screening

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

Paris Aligned Fossil Fuel Policy (PAFF)

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

Sustainable Development Goals (SDGs)

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

Thematic strategies

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

Overview of Investment Strategy*

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

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

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

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