

Nordea 1 - Global Climate Engagement Fund

LU2463525423

Issuer	Nordea Investment Funds S.A.
Fund provider	Nordea Investment Funds S.A.
Fund type/Asset class	Equity fund
Legal form	SICAV
Fund issue date	26/04/2022
Last Update	25.06.2024
Benchmark	-
Tranche	Private Investors Institutional Investors foundations

Risk Indicator (PRIIP) 4 of 7	Licensed in D, A, CH, LU	Classification by SFDR Article 8	EU Taxonomy -	% of Sustainable Investments according to SFDR 30%
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Principal Adverse Impacts



Sustainable Development Goals



NORMAL ALLOCATION

Equities	90 % to 100 %
Bonds	Excluded
Money market/Bank deposits	Excluded
Commodities	Excluded
Direct investments	Excluded
Derivatives	Excluded
Other	-

Sustainability approach

Principal Adverse Impacts	<ul style="list-style-type: none"> ✓ Greenhouse Gas Emissions ✓ Water ✓ Waste ✓ Biodiversity ✓ Energy Efficiency and Fossil Fuels ✓ Social and Employee Matters <p>This strategy considers all the 14 mandatory indicators applying to companies, excluding specific indicators for sovereigns/supranationals or for real estate issuers which are not applicable to this strategy. As a starting point, this strategy applies norm-based screening filters to identify companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption. These filters identify impact relating to some of the principal adverse impact indicators. To identify impact of our investment decisions across all the mandatory and the additional principal adverse impact indicators that we have chosen to consider, we have developed a proprietary PAI monitoring system (our PAI engine) to increase the scope of the indicators, subject to data availability. The PAI engine is based on data acquired from third-party providers and investee companies. By ranking the performance of companies across each indicator, we aim to identify each company's negative impact on climate and social issues as defined by the PAI metrics, both intrinsically and compared to its peers. We measure the overall exposure on entity level as well as the impact on product level. Companies identified by the PAI engine as outliers on specific indicators or that exhibit high adverse impact across several indicators, are analysed further by our Responsible Investment team and a recommendation for action is made to our Responsible Investment Committee (RIC). RIC is presented with an update on the identified company on a quarterly basis and may, based on this, decide on the appropriate action to be taken in each case (e.g. no action, engagement or exclusion). In deciding the appropriate action, the RIC considers, among other things, the severity and scope of individual adverse impacts, and the probability of occurrence and severity of adverse impacts, including their potentially irremediable characteristics. For further information, please refer to the fund's article 10 document: https://www.nordea.lu/documents/sustainability---related-disclosures/SRD_N1_GCEF_eng_INT.pdf</p>
Further remarks on the consideration of SDGs	<p>When we assess whether a company or issuer is substantially engaged in sustainable economic activities, we look for activities aligned with the UN Sustainable Development Goals (SDGs). Our primary metric is activity based: here we estimate how much of the company's revenue comes from products and services with E/S benefits. We break down company revenues by activity, and we map the activities against the SDGs and Taxonomy.</p>
Rationale behind classification according to SFDR	<p>Article 8</p> <p>The fund is classified as article 8 as per SFDR, as it promotes certain environmental and/or social characteristics. It does not have as its objective sustainable investment but commits to a minimum proportion of 30% of such investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU taxonomy. For more information please refer to the fund's article 10 document here: https://www.nordea.lu/documents/sustainability---related-disclosures/SRD_N1_GCEF_eng_INT.pdf?inline=true The E/S characteristics promoted can be environmental and/or social and include the following features: - Minimum proportion of sustainable investments: The fund promotes E/S characteristics by partially investing in companies and issuers involved in activities that contribute to an environmental or social objective as outlined in UN Sustainable Development Goals (SDGs) and/or the EU Taxonomy, while not significantly harming any other environmental or social objectives and following good governance practices. - Climate transition The fund promotes environmental characteristics by investing in companies that demonstrate a transition path for their business models to become aligned with the goals of the Paris agreement of reducing emissions by 45% by 2030 and reaching net zero by 2050. Active ownership and engagement are key components in seeking to influence companies' behaviour, and to initiate and accelerate the needed transition. - Sector- and value-based exclusions The fund promotes E/S characteristics by excluding companies that are deemed to be inappropriate based on their business activities or corporate behaviour. There is no reference benchmark designated for the purpose of attaining the E/S characteristics of the fund. For more information please refer to the fund's article 10 document here: https://www.nordea.lu/documents/sustainability---related-disclosures/SRD_N1_GCEF_eng_INT.pdf?inline=true</p>
Engagement	<p>Yes, organized internally</p> <p>Link to engagement policy</p>
Voting	<p>Yes, organized internally</p> <p>Link to voting policy</p>
Best-in/of-Class	<p>No</p> <p>n/a</p>
ESG-Integration	<p>Yes</p> <p>The Nordea Global Climate Engagement Strategy focuses on investing in businesses whose role and relevance in the future sustainable economy is misunderstood, often reflected in these companies being undervalued relative to their justified worth. We invest in these overlooked opportunities and engage with the management teams to push them in the right direction towards becoming greener and more relevant in the future green economy. We are focusing on companies where we can engage with management teams to reduce transition risks and accelerate new opportunities. This includes improving environmental performance of operations and aligning business models with a low carbon economy. And in doing so, not only will we remove the negative overhang on these companies or improve the fundamental outlook, but we will also drive down carbon emissions and environmental pollution in the real world, since we are often targeting the sectors with the heaviest environmental footprints. Through a fundamental, bottom-up, ESG and engagement integrated approach, we aim to identify mispriced potential climate and environment improvers by giving a strong emphasis on valuation, portfolio construction and risk management. In order for an investment to be viable we conduct four main assessments: -> Strategic Assessment: we assess the companies' strategic position, business fundamentals, financial performance, corporate culture and exposure to structural growth trends. -> ESG Analysis: we focus on those issues that are material to the fundamentals of the business and industry in which the company operates. All investees need to pass the good governance test and the ESG assessment also contributes to our engagement focus. -> Engagement: before investing we assesses the feasibility of engaging with the company in terms of (i) feasibility of exerting influence (e.g. access to management, NAM wide position size, quality of governance), (ii) feasibility of the engagement objectives (i.e. is what we are asking management to do within the company's control). (iii) connection to the investment thesis (i.e. will engaging on this issue create shareholder value). -> Valuation margin of safety: a proprietary Discounted Cash Flow (DCF) model is used and results are cross checked with absolute and relative valuation multiples to derive our intrinsic valuation and we compare this to the share price today. Once we initiate a position in a company, we follow a clear engagement process setting objectives and milestones to ensure our engagements are transparent and can be tracked. We have a tool box of escalation methods should our engagements not be progressing in line with our investment horizon.</p>

Norm-based screening	<ul style="list-style-type: none"> ✓ UN Global Compact ✓ ILO core labour standards ✓ OECD Guidelines for Multinational Enterprises ✓ Implementation of TCFD <p>Other OECD Principles of Corporate Governance • Universal Declaration of Human Rights • UN Guiding Principles on Business and Human Rights • Children’s Rights and Business Principles • Rio Declaration on Environment and Development • UN Convention on Corruption • Convention on Cluster Munitions</p>
Themes	<ul style="list-style-type: none"> ✓ Climate change ✓ Agriculture and forestry ✓ Renewable Energies ✓ Biodiversity ✓ Water ✓ SDGs <p>The strategy focuses on identifying potential climate improvers within the sectors that are most meaningfully affecting and/or impacted by climate, natural resources and biodiversity issues. The portfolio invests across 5 climate- focused themes: 1) air and greenhouse gas emissions; 2) energy management; 3) environmental pollution; 4) natural resource management and 5) sustainable business model.</p>
Impact Investing	<ul style="list-style-type: none"> ✓ Environmental <p>The Nordea 1 – Global Climate Engagement Fund focuses on companies whose valuation is being overly penalized for energy transition risks or does not reflect the future potential of the business in the low carbon future. We believe there are many businesses currently perceived as environmental laggards that have the potential to still be relevant in the future green economy, or even be critical to enable the transition to net zero. By engaging with management teams, we aim to help drive the necessary changes to unlock this underappreciated value. Our engagement objectives are short-term goals that are material to our holdings. Today’s actions and commitments are decisive to mitigate adverse environmental impacts, with lasting effects often beyond our investment horizon. Our efforts are therefore focused on pushing companies for credible indications today that the appropriate direction is taken: we expect companies to acknowledge our expectations and take measures to deliver positive environmental change in the long run.</p>
Further information on the sustainability approach	<p>Please refer to the fund’s engagement report through the following link: https://www.nordea.lu/documents/engagement-report/ER_GCEF_eng_INT.pdf</p> <p>🔗 Link to sustainability approach</p>

Research and Transparency

In-house sustainability analysis	<p>Yes, Formed in 2009, Nordea’s RI team is one of the largest and most experienced in EU in terms of pure ESG analysts. It is composed of 20 analysts, who work closely with their respective portfolio management teams in Copenhagen, Stockholm, Oslo and Singapore. The RI team often participates in client meetings and ESG conferences to share their latest insights and findings. It also leads ESG training (e.g. climate workshops) both internally and for clients.</p>
Research partners	<p>Yes</p> <p>While we place emphasis on our internal research capabilities, Nordea’s in-house Responsible Investment team underpins our approach with externally sourced ESG research and ratings. Some of our most used partners include the following: MSCI ESG; RepRisk; TruValue Labs; Bloomberg; ISS Global; CDP; Upright; Clarity AI; Impact-cubed; Maplecroft; NGO’s (WWF, Amnesty International, Transparency International, Greenpeace, SwedWatch, DanWatch).</p>
Percentage of portfolio with sustainability analysis	100 %
Strategically important suppliers included	Yes
Sustainability advisory committee	<p>Right of proposal and veto</p> <p>ESG Committee - NAM’s ESG Committee serves as highest decision-making body of Responsible Investment within NAM. It aims ensure strong ESG governance. It has a mandate to drive NAM’s responsible investment (RI) and climate commitments, including but not limited to approving and overseeing our RI Policy, as well as our climate and ESG methodologies and principles. The committee is composed of selected Senior Executive Managers (SEM) members, the head of Responsible Investments and is chaired by NAM’s CEO.</p>
Analysis of portfolio CO2	<p>Yes, forward-looking indicator</p> <p>Our new carbon reduction metric captures the actual carbon reductions of the portfolio, and allows for changes in the portfolio composition and sector exposure. We can measure this both as a simple year-by-year comparator, and as a longer term cumulative performance. This figure highlights the real world reductions in financed emissions even while the absolute emissions may remain high. Measuring the changes is an important step in reducing CO2 emissions.</p>
Sustainability reporting	<p>No</p> <p>https://www.nordea.lu/documents/engagement-report/ER_GCEF_eng_INT.pdf</p>
At least monthly portfolio publication	<p>Yes</p> <p>🔗 Link to monthly portfolio publication</p>
Certification/Label awarded by independent auditors	-

Environmental

EXCLUSION OF SECTORS / AREAS OF BUSINESS – COMPANIES

Fossil fuels (Coal, Oil and Gas)	Yes
Nuclear power (operation and components)	No
Green genetic engineering	No
Chlorine and agrochemicals (biocides)	No
Other	NAM does not invest in companies deriving more than 5% of their revenues from thermal coal and excludes companies involved in the production of fossil fuels from oil sands (5% revenue threshold) or through arctic drilling. In addition, NAM excludes companies with substantial 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).

EXCLUSION OF BUSINESS PRACTICES – COMPANIES

Environmentally damaging behaviour	Yes
Damage to biodiversity	Yes
Other	n/a

EXCLUSION CRITERIA – COUNTRIES

Non-ratification of the Paris Climate Agreement	N/A
Non-ratification of the Protocol on Biosafety	N/A
Non-ratification of the UN Biodiversity Convention	N/A
Nuclear power by proportion of gross energy production	No
Other	-

Social

EXCLUSION OF SECTORS / AREAS OF BUSINESS – COMPANIES

Weapons/Armaments	Yes 5 % Turnover threshold
Cluster bombs and anti-personnel mines	Yes
Weapons of mass destruction (ABC/CBRN)	Yes
Tobacco products	Yes 5 % Turnover threshold
Pornography	Yes
Spirits/Alcohol	Yes 5 % Turnover threshold
Gambling	Yes 5 % Turnover threshold
Other	n/a

EXCLUSION OF BUSINESS PRACTICES – COMPANIES

Labour rights (ILO core labour standards)	Yes
Exploitative child labour	Yes
Violation of human rights	Yes
Animal testing	No
Other	As stated in our RI Policy, all our funds (including those managed by external boutiques) are subject to a regular norms-based screening which identifies companies that are allegedly involved in breaches of, or controversies around, international law and norms on environmental protection, human rights, labour standards and anti-corruption. Examples of such norms and standards include the UN Global Compact and the OECD Guidelines for Multinationals

EXCLUSION CRITERIA – COUNTRIES

Labour rights	N/A
Violation of human rights	N/A
Military spending as a percentage of GDP	N/A
Death penalty, torture	N/A
Countries classified by Freedom House as not free	N/A
Violations of the Nuclear Non-Proliferation Treaty	N/A
Violations of other non-proliferation treaties	N/A
Other	-

Governance

EXCLUSION OF BUSINESS PRACTICES – COMPANIES

Corruption and bribery	Yes
Tax: planned avoidance & detected violations	Yes
Other	For 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. Regarding 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

EXCLUSION CRITERIA – COUNTRIES

Corruption	N/A
Other	-

Quelle: Unternehmensangaben. | Für die Angaben der Unternehmen kann keine Haftung übernommen werden. Die Angaben dienen nur zur Information und stellen keine Beratung oder Empfehlung dar. Bitte beachten Sie den Haftungsausschluss unter www.forum-ng.org/disclaimer. Das FNG-Nachhaltigkeitsprofil bietet nur einen ersten Überblick und ist kein Ersatz für eine eigenständige Analyse. Weiterführende Erläuterungen finden Sie unter www.forum-ng.org