3. April 2024

Transparenz bei der Bewerbung ökologischer oder sozialer Merkmale und bei nachhaltigen Investitionen

Dieses Dokument enthält Informationen in Bezug auf ökologische und soziale Merkmale von Finanzprodukten sowie Informationen in Bezug auf nachhaltige Investitionen im Einklang mit Artikel 10 der Verordnung über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor (Offenlegungsverordnung, SFDR)[1].

Name des Produkts: Nordea 1 – Emerging Stars Equity Fund

Unternehmenskennung (LEI-Code): 549300UFJRQ77N3UYE48

Zusammenfassung

Dieser Fonds bewirbt bestimmte ökologische und/oder soziale Merkmale. Obwohl keine nachhaltigen Investitionen angestrebt werden, enthält er einen Mindestanteil solcher Investitionen.

Zur Messung der Erreichung der einzelnen ökologischen und/oder sozialen Merkmale des Fonds werden spezifische Nachhaltigkeitsindikatoren im Einklang mit den unten beschriebenen spezifischen Methoden herangezogen. Die Vermögensallokation des Fonds wird in Form eines Diagramms dargestellt, in dem der Prozentsatz der Investitionen angegeben ist, die voraussichtlich auf die ökologischen und/oder sozialen Merkmale des Fonds und die Verpflichtung zu nachhaltigen Investitionen ausgerichtet sind. Interne Limit-Überwachungssysteme führen vor und nach Transaktionen Screenings der Positionen des Fonds durch.

Es werden interne und externe Datenquellen und Datenanbieter genutzt, um sicherzustellen, dass die Investitionen des Fonds dass die Investitionen des Fonds im Einklang mit den beworbenen ökologischen und/oder sozialen Merkmalen stehen. Daten externer Anbieter können durch internes Research und interne Analysen ergänzt werden. Wir sind bestrebt, Beschränkungen hinsichtlich der Datenquellen durch solide Due-Diligence-Verfahren in Bezug auf externe Datenanbieter und manuelle Überprüfungen auszugleichen.

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[1] Verordnung (EU) 2019/2088 des Europäischen Parlaments und des Rates vom 27. November 2019 über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor

Does this financial product have a sustainable investment objective?

⬤ ⬤ ☐ **Yes**　　　　　　⬤ ◯ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective: __%**

    ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

    ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: __%

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments

    ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

    ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

    ☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

This fund promotes environmental or social ("E/S") characteristics, but does not have as its objective sustainable investment. The fund will have a minimum proportion of sustainable investments, as illustrated above.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

As part of the process to identify sustainable investments, companies are screened to ensure that they do not significantly harm (DNSH test) any other social or environmental objectives. The DNSH test uses PAI indicators, as described below, to identify and exclude companies that do not pass the thresholds.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The DNSH test, as part of the methodology to identify sustainable investments, identifies negative outliers and poor performance related to PAI indicators. The investment manager will consider the PAI indicators that are listed in the regulatory technical standards Table 1, annex 1 of the Sustainable Finance Disclosure Regulation. Currently data is mainly available for the use of the indicators listed below. As data quality and availability evolves, additional indicators will be included.

Climate and other environment related indicators:
• Greenhouse Gas emissions
• Biodiversity impact
• Emissions to water
• Hazardous waste

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters:
• Violations of the UNGC and OECD principles
• Board gender diversity
• Exposure to controversial weapons
• Severe human rights issues and incidents

Companies that do not pass the thresholds that are defined by the investment manager, will not qualify as a sustainable investment. This includes companies that are involved in severe human rights incidents,

severe controversies related to biodiversity or violations of the UNGC and OECD principles. In certain cases where a company does not pass the test on one or more of the above PAI indicators, use-of-proceeds securities issued by such company may be considered sustainable if the proceeds from the issuance of the securities is dedicated to the funding of activities that mitigate the reasons for the company not passing the test.

Companies also fail the DNSH test if they are among the worst performers on emissions to water, hazardous waste or Greenhouse Gas emissions. In addition, companies that derive more than 0% of revenue from unconventional fossil fuel fail the DNSH test, and companies that derive more than 5% from conventional fossil fuel or more than 50% from services specific to the fossil fuel industry will only pass the DNSH test if they are below the climate related exclusions criteria of the EU Paris Aligned Benchmark with revenue thresholds of 1% for coal, 10% for oil, 50% for natural gas and 50% for fossil fuel based electricity generation, and have a climate transition plan. Our Paris Aligned Fossil Fuel Policy describes the criteria used to identify companies with credible transition plans.

Additional exclusions to further limit negative externalities are applied to the investment universe of the fund, to avoid investment in companies that are involved in thermal coal or production of fossil fuels from oil sands and arctic drilling, as well as controversial weapons, and pornography.

The data on PAI indicators needed for the DNSH test is sourced from third party data providers.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Alignment of the sustainable investments with the OECD guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is confirmed as part of the process to identify sustainable investments using the Violations of the UNGC and OECD principles indicator.

Environmental or social characteristics of the financial product

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.

ESG scoring The fund promotes E/S characteristics by investing in companies or issuers with favourable ESG scores. Investee companies or issuers have been analysed and scored by NAM or by an external provider to ensure that only securities issued by companies that meet the minimum required ESG score are eligible for inclusion and that ESG laggards are excluded.

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.

NAM's Paris-Aligned Fossil Fuel Policy The fund promotes E/S characteristics by refraining from investing in companies that have significant exposure to fossil fuels unless they have a credible transition strategy.

There is no reference benchmark designated for the purpose of attaining the E/S characteristics of the fund.

More information can be found below in the Investment Strategy and Methodologies sections.

Investment strategy

Description of the investment strategy used to meet the environmental or social characteristics of the financial product

Investments are partly dedicated to sustainable investments. ESG laggards are avoided as ESG scores are taken into consideration as part of the security selection. The strategy applies sector and value-based exclusions and the fund does not invest in companies that are on Nordea's exclusion list based on their business activities or conduct as further detailed in NAM's Responsible Investment Policy. Exposure to companies involved in fossil fuel related activities is restricted through NAM's Paris aligned Fossil Fuel Policy.

As part of the investment process, companies are screened to ensure that they follow good governance practices.

Exclusions
Companies that are materially involved in the below activities are excluded from the investment universe of the fund. Companies' involvement is measured as the proportion of revenues deriving from the excluded activities. Different thresholds apply for determining the level of involvement that will result in an exclusion of a company from the investment universe. The list shows an aggregation of exclusions that result from NAM's general RI Policy and the additional exclusions that are added to the specific investment strategy.
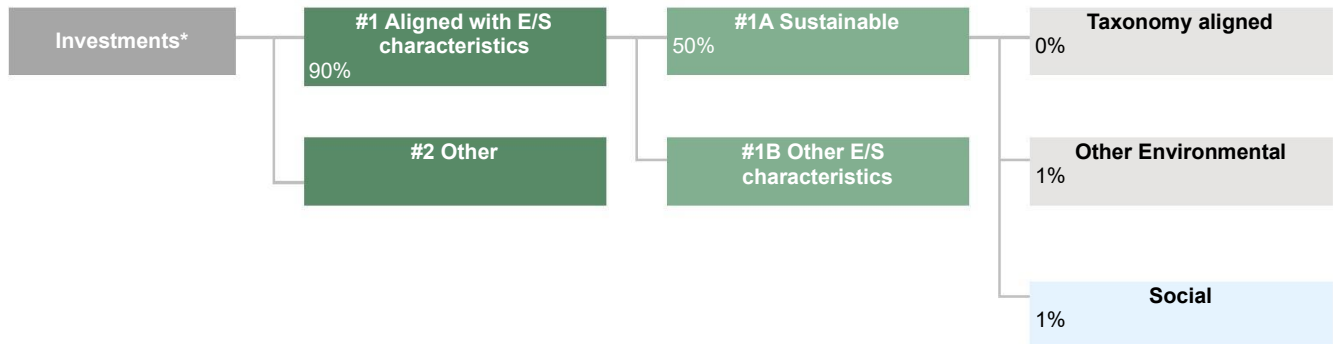
- Pornography
- Alcohol
- Conventional weapons
- Coal
- Gambling
- Gas
- Nuclear weapons
- Oil
- Arctic drilling and oil sand
- Tobacco
- Controversial weapons

Description of the policy to assess good governance practices of the investee companies

Good governance practices of investee companies are addressed in various layers of the security selection process of direct investments. Companies are screened for good governance by assessing, among other elements, their employee relations, pay practices, management structures and tax compliance.

Proportion of investments

The fund commits to minimum proportion of investments as illustrated below. Where no percentage proportion or 0% is displayed, such investments may be relevant for the strategy but the fund is not committed to holding a specific proportion at all times, and the proportion of such investments may be as low as 0% at the investment manager's discretion.

```
Investments* ─┬─ #1 Aligned with E/S ──┬── #1A Sustainable ──┬── Taxonomy aligned
              │   characteristics      │    50%              │    0%
              │   90%                  │                     │
              │                        │                     ├── Other Environmental
              └─ #2 Other              └── #1B Other E/S     │    1%
                                           characteristics   │
                                                             └── Social
                                                                  1%
```

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

*Investments refer to the fund's NAV which is the total market value of the fund.

Monitoring of environmental or social characteristics

Description of how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.

The following sustainability indicators are used to measure the attainment of the E/S characteristics of the fund:

- **% of sustainable investments:** Measures the proportion of the fund's total investments that are classified by NAM as sustainable investments as per SFDR article 2(17)
- **% of Investments, aligned with the E/S characteristics, with an ESG score that does not meet the minimum threshold:** Measures the proportion of the E/S aligned investments in % of the fund's total investments where the investee company's or issuer's s ESG score does not meet the minimum requirement that applies to the fund's investment universe
- **% of investments, aligned with the E/S characteristics, that do not comply with sector and value based exclusions:** Measures the proportion of the E/S aligned investments in % of the fund's total investments that are in breach of the sector and value based exclusions that apply to the investment strategy
- **% of investments, aligned with the E/S characteristics, that do not comply with NAM's Paris-Aligned Fossil Fuel Policy:** Measures the proportion of the E/S aligned investments in % of the fund's total investments that do not comply with NAM's Paris-Aligned Fossil Fuel Policy

The binding restrictions are monitored in the limit system which is run internally by the Risk Management Limit Team (the "Limit Team"). When we decide to limit exposure to certain sectors or activities, we build those into our internal limit monitoring system that runs both pre- and daily post-trade screenings for the fund's investments. Pre-trade limits block the unfit investment opportunities from our portfolio management tool, and post-trade limits flag any exposure or activity that is not aligned with the fund's investment restrictions. In case an investment is no longer aligned with the fund's investment restrictions, relevant actions may be taken in the interest of investors, including divestment.

Methodologies

Description of the methodologies used to measure how the social or environmental characteristics promoted by the financial product are met.

The methodologies that apply to measure how environmental and social characteristics promoted by the fund are met, are set out here below.

Minimum proportion of sustainable investments

Sustainable investment is defined under the SFDR as an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.
We take into consideration the regulatory framework for sustainable finance, as well as proprietary investment methodologies, to ensure that sustainable investments can be identified, invested in and measured.
In order to select sustainable investments, we apply three tests. The investment should pass all three tests to qualify as a sustainable investment.

Step 1: Good governance test – investee companies are screened on topics related to sound management structures, employee relations, remuneration of staff and tax compliance, and must not be subject to significant controversies related to any of these topics

Step 2: Do no significant harm test – a company or an issuer cannot perform negatively on selected principal adverse impact (" **PAI**") indicators. Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters. The thresholds defining negative outliers and poor performance vary for each PAI indicator. For use-of-proceeds instruments,

such as green or social bonds, the specific purpose of the issuance may be considered to pass the do no significant harm test if mitigating the issuers adverse impact.

Step 3: Environmental or Social Contribution – NAM's proprietary process applies a pass/fail criteria on contribution to one or more of the UN SDGs or one or more of the environmental objectives in the EU Taxonomy, with a 20% threshold. Contribution may be measured on the proportion of revenue that can be linked to the above objectives. For sectors where capital expenditure or operating expenses or other relevant activity measures are more relevant, these will be used. Bonds that are issued under ICMA or equivalent frameworks (labelled bonds) are considered sustainable if their adherence under the relevant standard has been verified by an approved external auditor.

For any proportion of the fund that may be invested in ***labelled bonds***, supplementary information to "Step 3" above is provided in this section. For certain types of labelled bonds with specific ESG features, the assessment of environmental and social contribution may deviate from traditional bonds or additional metrics may be considered. Labelled bonds include use-of-proceed bonds like green bonds, social bonds and sustainability bonds (combining social and green) as well as sustainability-linked bonds.
Use-of-proceed bonds are issued to provide financing for new and existing projects or economic activities with environmental and/or social contribution. Sustainability-linked bonds proceeds are used to finance general corporate purposes in the same way as traditional corporate bonds, however, financing conditions are linked to explicit sustainability or ESG objectives that the issuer has committed to achieving. These objectives are measured through the issuer's predefined key performance indicators that monitor the development in the specific sustainability performance targets.
The approach to determining whether use-of-proceeds bonds can be classified as sustainable investments as per SFDR article 2(17), focuses on the issuer's green or social bonds framework. Issuers of use-of-proceeds bonds use a predefined and documented framework that is set up by the issuing entity to describe the project categories that are eligible for financing under the framework. NAM conducts an assessment of the issuers' frameworks to determine if the projects can be classified as sustainable investments i.e. that proceeds are allocated to the financing of activities that contribute to a sustainable investment objective as defined in the EU Taxonomy or by contribution to one or more of the UN SDGs.
It is also ensured that eligible bonds adhere to a recognized market standard on use-of-proceeds, process, reporting and transparency such as EU Green Bond Standard or ICMA- or similar standards that are approved by NAM. As an extra precaution, it is also a requirement that adherence to such standard is confirmed by a Second Party Opinion(SPO) from a recognized external auditor.
When investing in sustainability-linked bonds, the strength of the sustainability linked KPIs is assessed, as well as the related sustainability performance targets and their financial incentives. Issuers of sustainability-linked bonds are classified as sustainable using a pass/fail criteria on contribution to one or more of the UN SDGs or one or more of the environmental objectives in the EU Taxonomy, with a 20% threshold.

For any proportion of the portfolio that may be invested in ***covered bonds***, the process described in "Step 3" above is replaced by a methodology that is tailored to covered bonds.
Classification of covered bonds as sustainable investments, requires a methodology that captures the specific characteristics of these instruments which are issued on the basis of an underlying pool of real estate assets. NAM has developed a methodology that is applicable to covered bonds based on residential housing and commercial real estate assets.
We take outset in the EU Taxonomy's climate change mitigation objective which, for this purpose, translates into green- house gas emission from the energy use in housing. Due to widely lagging data from covered bonds issuers, GHG emissions must be estimated. As a measure of green-house gas emission (GHG emission) per m2 of housing space, we use the standard provided by Partnership for Carbon Accounting Financials (PCAF) and estimated data from the International Energy Agency on average energy use and mix in residential buildings which is available for each country. To determine whether a certain level of GHG emission is to be considered sustainable, it is measured against the targeted GHG emission reduction per m2 that is needed to reach the Paris Agreement of a 91% reduction in GHG emission in 2050 from a 2019 baseline, as defined by the Carbon Risk Real Estate Monitor (CRREM).
The model estimates the degree of alignment of the underlying pool of real estate with the targeted greenhouse gas emission level, and the proportion that is aligned is counted as sustainable investment.
The sustainability level is adjusted with any labelled covered bonds that may have been issued on the same underlying asset pool. As data is currently mostly available on country level, the sustainable proportion is based on country average GHG emission numbers, assuming that the real estate pools underlying the covered bonds are sufficiently diversified to represent GHG emission levels close to the country average. When the issuers report data on GHG emissions or energy use this data will be prioritized.

ESG score

A numerical ESG risk score model built upon different quantitative ESG risk metrics is used to set an ESG score of potential investee companies. The materiality and relevance of ESG factors vary between sectors and asset classes, and scoring methods are adapted to capture the most relevant ESG factors depending on the nature of the investments. The ESG score set by NAM uses the Sustainability Accounting Standards Board (SASB) materiality map to identify relevant ESG factors. ESG factors may include various indicators related to environmental- or social-impact, business model and governance. ESG factors can have a positive or negative impact on the analysis, depending on the product/services and how the company conducts its business. Social factors may include considerations related to indigenous people, human rights and labour rights and environmental factors may include carbon emission, science-based targets or impact of policy measures. Quantitative input based on data from multiple sources, is analysed and translated into a score of A, B or C (or equivalent if using external ESG ratings) with A being the highest score. The scores are a measure of companies' exposure to certain ESG factors and their ability to manage such exposure. Supplementary manual assessments are made by analysts both where data is insufficient and where additional relevant qualitative information is available that can improve the quality of the scoring. Numerical ratings for certain assets may be provided by external data vendors and validated by NAM. The fund only invests in companies and issuers with ESG scores in the A and B range, or equivalent if using external ESG ratings, while investments with C scores are excluded.

Sector- and value based exclusions

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 our selected data vendors.

Paris-Aligned Fossil Fuel Policy

NAM's Paris-Aligned Fossil Fuel Policy (" **PAFF**"), has been developed with the Paris agreement in mind. The Paris agreement is a legally binding international treaty on climate change. Its goal is to limit global warming, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. The NAM PAFF Policy sets thresholds for companies' exposure to fossil fuel production, distribution and services, which are implemented and monitored as specific exclusions in our limit system. However, investments may be allowed in companies that help accelerate the transition to clean energy and phase out of fossil fuel. The NAM PAFF policy can be found here .

Data sources and processing

a) What are the data sources used to attain each of the environmental or social characteristics promoted by the financial product?

We use a range of different internal and external data sources and data providers to ensure that the fund is invested in accordance with the environmental and/or social characteristics promoted. Data received from external providers may be complemented by internal research and analysis provided by our Investment Teams and the Responsible Investment Team.

More information about the external data sources used by NAM is available upon request.

b) What are the measures taken to ensure data quality?

We apply various measures to control the quality of the external and internal data sets used. This may include internal control measures commonly used in computer programming such as:

- Quality assurance test whereby controls are made to check that the external data values are in the expected range and behave as intended
- Unit testing whereby individual data and functions created to generate insights or transform said data are tested to determine if they are fit for use and produce the expected output
- Four-eyes review of any code changes by our specialists
- Segregation of duties whereby there is a separation of responsibilities of key processes between more than one person, based on their area of expertise
- Segregation of IT environments that protects the integrity and availability of the environment producing the data and allows for testing of new data in terms of quality and robustness before it is used in a production environment
- Sanity test whereby the functionality and output of the system is tested to ensure that it works as expected
- Review of the data and insights generated by said data by our analysts/specialists

Furthermore, to the extent possible, data reported by companies, regulatory authorities and/or non-governmental organisations are prioritised over data from data providers' estimation models. This is done in order to minimize the reliance on third party estimation efforts which in turns improves the overall quality of the data we use as input in our investment processes.

The external data providers and other data sources are assessed on an ongoing basis for data quality, coverage and other attributes.

c) How is data processed?

As described above, the data used partly derives from external data providers that provide raw data on issuer level. We seek to obtain as much and the most granular company data possible.

The external data received is enriched with additional external data sets, it may be complemented by in-house ESG analysis of the data, and company identifiers (ISIN) are matched with the incoming raw data to companies that we can potentially invest into as well as current investee companies.

d) What proportion of data is estimated?

ESG data reported by investee companies is used where available. Although we prioritise reported data over estimated data, we do rely to some extent on estimations and on estimated data provided by external data providers, where reported data is not available or of adequate quality. Some data providers do not differentiate between estimated and reported data, making it challenging to precisely calculate the proportion of data that is estimated. We expect the proportion of estimated data to decrease over time. The proportion of estimated data used at a given point in time is not currently tracked per fund.

Limitations to methodologies and data

a) Are there any limitations to the methodologies and data sources used?

The fact that some proportion of the data received from external data providers may be estimated data, may be seen as a limitation to the methodologies and data sources.

Information is mainly based on historical data and may not reflect the future ESG performance or risks of the investments.

b) How do those limitations not affect how the environmental or social characteristics promoted by the financial product are met?

To mitigate the limitations to data sources, we have ensured to have solid due diligence measures in place in relation to external data providers. Manual verification processes is another mitigating factor.

We evaluate the quality of internal and external data on an ongoing basis, and continuously assess if new data providers can improve the analysis and models. We have also implemented a Supplier Code of Conduct for data providers to follow. Prior to a data provider being chosen as a supplier, extensive market research is conducted, and the potential data providers are assessed on issues such as: data quality, coverage, security, methodology, price, reliability and conflict of interest.

Due diligence

Description of the due diligence carried out on the underlying assets of the fund, including the internal and external controls on that due diligence.

NAM conducts due diligence reviews of all internal and external data on an ongoing basis, and continuously assesses if new data providers can improve the analysis and models. As set out above, we have also implemented a Supplier Code of Conduct for data providers to follow. Prior to a data provider being chosen as a supplier, extensive market research is conducted, and the potential data providers are assessed on issues such as data quality, coverage, security, methodology, price, reliability and conflict of interest.

When it comes to calculation of any potential alignment with the EU Taxonomy, we strive to source data directly from companies, but as self-reported data remains scarce, this may be supplemented with data sourced from third party providers. ESG data in general is continually maturing and the data coverage is improving. NAM is constantly searching the market for the data which adheres to EU regulation requirements and can be used to provide our clients with necessary reports on the products' ESG profiles.

Engagement policies

Description of the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.

On behalf of our clients, we undertakes a range of engagement activities with investee companies and corporate- and sovereign issuers in order to encourage them to improve their ESG practices, and promote a long-term approach to decision-making.

Please refer to NIFSA Corporate Governance Principles which can be found   [here](#)

Designated reference benchmark

Description of whether an index has been designated as a reference benchmark to meet the environmental or social characteristics of the financial product and how such index would be aligned with the environmental or social characteristics of the financial product.

There is no reference benchmark designated for the purpose of attaining the E/S characteristics of the fund.

Appendix

UN sustainability Goals

The UN SDGs are a set of 17 Sustainable Development Goals adopted by the United Nations in 2015 as a call for action to end poverty, protect the planet, and ensure peace and prosperity by 2030.

Amendments

Date	Version	Amendment
2022-12-31	1	First version of fund specific SFDR Article 10 Statement aligned with the SFDR Regulatory Technical Standards
2023-04-04	2	Erased reference to exclusion for nuclear energy since this screening does not apply to the fund
2023-08-31	3	Additional details are provided to align with the updated prospectus
2024-04-03	4	Additional details are provided to align with the updated prospectus, other minor updates