

June 2021

Our contribution to an Inclusive Green Economy

Nordea's Global Climate and Social Impact Strategy

Highlights

- With the Nordea Global Climate and Social Impact Strategy investors can be an **active player of the transition towards an Inclusive Green Economy**
- Create value by investing in businesses that provide **meaningful solutions to meet pressing social and environmental needs**, yet always also having in mind the **economic value** of the investment
- Nordea's Global Climate and Social Impact Strategy offers the unique combination of:
 - A strong global **Fundamental Bottom-Up and ESG research** platform with **one of the largest dedicated Responsible Investments teams** across the industry
 - An Investment team with an **outstanding track record¹ and substantial experience in thematic investing**, especially climate and social empowerment Impact creation in two ways: first, via evaluation of the change each solution has generated on a broader scale; second, via engagement with companies to improve measurement

Thinking beyond the 17 SDGs

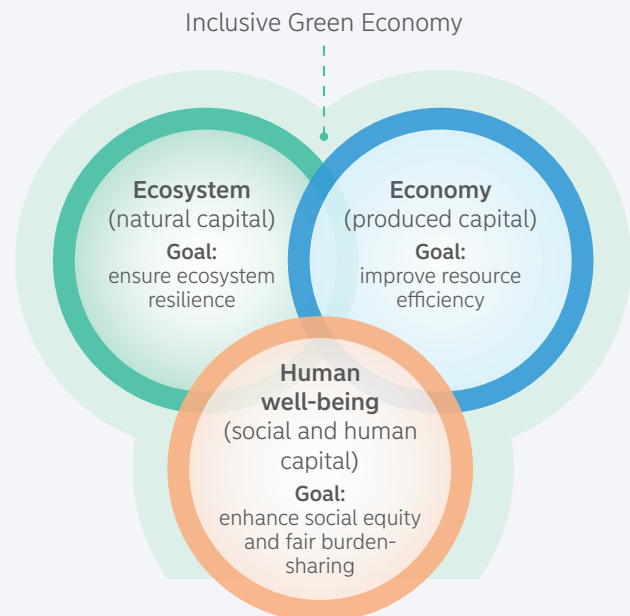
Since 2015, the ideal horizon for 2030 of a sustainable development has been described with 17 objectives, broken down into 169 more precise targets, assuming as much social justice as economic growth, peace and solidarity as the preservation of ecosystems.

While these Sustainable Development Goals recognize that action in one area affects outcomes in others, **many contributions to sustainability still ignore the intertwining of social and environmental issues**. SDG-led investment has gained traction over the past years, but often with a thematic lens, covering up that development must balance social, economic and environmental sustainability.

However, the interconnection between social and climate issues has gained massive visibility outside public organizations during the last pandemic. We are now aware that improving human well-being and social equity while reducing environmental risks and scarcities are beneficial one to another, hereby **setting the soundness of building an Inclusive Green Economy**.

The concept of an Inclusive Green Economy

The European Environment Agency defines a green economy as one, in which environmental, economic and social policies, and innovations enable society to use resource efficiency – thus enhancing human well-being in an inclusive manner-, while maintaining the natural systems that sustain us.



Source: Switch2green: <https://www.switchtogreen.eu/inclusive-green-economy/>

¹) The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of your investment can go up and down, and you could lose some or all of your invested money.

An Inclusive Green Economy protects the ecosystem and ensures resilience, while also being associated to a set of opportunities, for both:

- **people:** to improve their life quality, increase social equality and create opportunities to enhance human lives
- **businesses:** to benefit from more efficient and responsible production and take advantage of the growing market for environmental goods and services

As such the concept of the Inclusive Green Economy forms a pathway towards achieving the 2030 agenda. On top of this, it creates an **investment opportunity**, as achieving the SDGs could **unlock economic opportunities worth at least 12 trillion USD a year by 2030**.

Our expertise to make the Inclusive Green Economy investable

In 1988 Nordea started its Responsible Investment journey by launching the first sustainable solution. Since then, many others followed, based on the firm believes to deliver **returns with responsibility and the power of capital allocation**, which we have seen first-hand through the success of our Global Climate and Environment Strategy². Hence it comes with no surprise, that we leverage on the **very same investment team, that successfully has been managing the Global Climate and Environment Strategy for more than 13 years now**. During this time, the team built up a great expertise by investing into Climate and Environment solution providers, which also includes strong social dimensions; unchecked climate change is a driver of migration, social inequality and conflict risk. Combining this with the knowledge built when designing the investment uni-

verse of the Global Social Empowerment Strategy and integrating the expertise of our Responsible Investment Team and a dedicated Impact analyst, we created a solution to address the main points of the Green Inclusive Economy: The **Global Climate and Social Impact Strategy**.























Our path towards an Inclusive Green Economy

Our strategy’s concept is based on four pillars aiming to create sustainable value³:

- 1) **Challenges:** We identify specific challenges into thematic areas, selected for their pressing social and environmental issues
- 2) **Solutions:** We select companies serving the market with impactful solutions to create sustainable value
- 3) **Outcomes:** We measure tangible effects of the solution and seek to assess how it affects the users and the environment on a broader scale
- 4) **Impact:** We generate impact in two ways: first, through the positive change created by the solutions in which we invest; second, through the improvement of ESG-factors and impact measurement resulting from our engagement approach

Four themes to target pressing sustainable challenges

Based on our expertise, we identified a proprietary investment universe of solution providers, that are actively addressing global sustainability challenges through their products. Companies are being broken up into 4 main themes and 14 sub-strategies:

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

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

² The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of your investment can go up and down, and you could lose some or all of your invested money. ³ 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.


Health and Wellbeing: Chronic non-communicable diseases are the first cause of death and disability worldwide. In parallel, the number of older people is projected to double by 2050. We invest in companies that serve the population with access to good quality health services, medicine and technology, and nutritious foods **to enable individuals of all ages to be healthy, productive members of society.**

Inclusion and Opportunity: 1.6 billion people are still housed inadequately, and 30% of adults worldwide still do not have bank accounts. We invest in companies that create the **conditions allowing people to lead productive, fulfilling lives in a fair and safe environment.**

Sustainable Living: 1.7 earths would be needed to support our demands on renewable natural resources, while on the other hand still 2.1 billion people do not have access to safe drinking water. We invest in companies that produce solutions to **meet basic human needs while ensuring the future availability of key natural resources.**

Low Carbon Economy: 75% of the buildings in the EU are classified as energy inefficient and 20% of energy consumption could be saved through energy-efficiency. We invest in companies that provide **solutions to reduce greenhouse gas emissions and minimize adverse effects on biodiversity and human health.**

Company example: Owens Corning

Challenge	Solution	Outcome	SDG
<p>40% of total energy consumed is related to buildings in the United States</p> <p>90% of American homes are not or under insulated</p>	<p>Owens Corning manufactures insulating systems for residential and commercial buildings</p> <p>Its insulating products enable customers to:</p> <ul style="list-style-type: none"> • conserve energy • improve the acoustical performance 	<p>45% of energy bills could potentially be saved with a properly installed insulation</p> <p>1:200 ratio 200 tons of CO₂ saved for 1 ton of CO₂ generated in the manufacturing of stone wool, over 50 years</p>	 <p>Industry, innovation and infrastructure</p> <p>Goal 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes</p>

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

This proprietary universe of the Global Climate and Social Impact Strategy is closely aligned with the United Nations Sustainable Development Goals and the SDG framework is our main compass to assess, improve and report on our portfolio's sustainable development impact.

Summing it up

The Nordea Global Climate and Social Impact Strategy is a **uniquely positioned thematic global equity solution well aligned with UN SDGs run by a passionate and experienced team from a successful ESG thematic boutique** in charge of more than €24bn AuM mainly focused on sustainable solutions.

With the Nordea Global Climate and Social Impact Strategy investors can play an **active role in the transition towards an inclusive green economy**, planting the seed for a greener and more efficient society. We create value by investing in businesses that provide meaningful solutions to meet pressing social and environmental needs, as well as solutions to close the existing environmental social gap, yet always also having in mind the economic value of our investment.⁴ Robust ESG and impact analysis are fully integrated into a proven fundamental process while engagement with the invested companies secures that ESG issues are identified and being discussed to foster a real change towards a more sustainable world.

Join us on the pathway towards achieving the Sustainable Development Goals by 2030.

Together, we make a difference with your investment.



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