

Template pre-contractual disclosure for financial products referred to in Article 8 of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means 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.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Nordea 1 - Stable Return Fund

Legal entity identifier: 549300J9YLZQT0W3Z531

Environmental and/or social characteristics

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 ____% 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**



What environmental and/or social characteristics are promoted by this financial product?

The E/S characteristics of this fund include:

Sector- and value-based exclusions Exclusion filters are applied to the portfolio construction process to restrict investments in companies and issuers with significant exposure to certain activities deemed to be detrimental to the environment or the society at large, including tobacco companies and fossil fuel companies.

NAM's Paris-Aligned Fossil Fuel policy Exposure to fossil fuel companies is governed by the fund's adherence to NAM's Paris-Aligned Fossil Fuel Policy which aims at limiting the carbon footprint resulting from the investment portfolio.

Principal Adverse Impact ("PAI") The negative impact of investments on sustainability factors is taken into consideration as an integrated part of the investment process.

The fund uses a benchmark that is not aligned with the fund's E/S characteristics.

- **What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?**

To measure the attainment of the environmental or social characteristics, the investment manager will use climate-, other environmental and social indicators to the extent that relevant data is available. More information on the indicators can be found in the sustainability-related [website disclosures](#) in accordance with SFDR article 10.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

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.



Does this financial product consider principal adverse impacts on sustainability factors?

No,

Yes, NAM's proprietary quantitative PAI tool assesses the performance of NAM's full investment universe across multiple PAI indicators. Portfolio managers are required to consider the negative consequences of their investment decisions as indicated by PAI indicators as part of the portfolio management process. The specific PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data quality and availability.

Information on PAI on sustainability factors will be made available in the annual report to be disclosed pursuant to SFDR Article 11(2).



What investment strategy does this financial product follow?

ESG is integrated into the strategy by excluding companies and issuers due to their exposure to certain activities that have been deselected based on ESG considerations.

More information on the general investment policy of the fund can be found in the Investment Objective and Policy section of the prospectus.

Active ownership

On behalf of its clients, NAM 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.

Responsible Investment Policy

A NAM level overlay of norms-based screening and exclusion list is deployed as baseline safeguards through NAM's Responsible Investment Policy that bans investments in companies active in the production of illegal or nuclear weapons and companies with exposure to coal mining exceeding a predefined threshold. Based on regular screenings, NAM's Responsible Investment Committee instigates appropriate action for any company that is allegedly involved in breaches of, or controversies around, international laws and norms. If engagement fails or is deemed futile investments may be put on hold or the company may be placed on the exclusion list. More information can be found on the website in the [Responsible Investment Policy](#) and the [Corporate Exclusion List](#).

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by the financial product?**

- Sector- or value-based exclusions prevent investments into activities that are deemed to be inappropriate for the strategy. More information on the exclusion policy is available in the sustainability-related website information in accordance with SFDR article 10.
- NAM's Paris-Aligned Fossil Fuel Policy sets thresholds for companies' exposure to fossil fuel production, distribution and services. This means that the fund will not invest in companies with material involvement in fossil fuel production, distribution or services if they do not have a documented transition strategy that aligns with the Paris Agreement.
- The fund adheres to NAM's Responsible Investment Policy and does not invest in companies that are on Nordea's exclusion list due to violation of international norms or involvement in controversial business activities.

The binding elements are documented and monitored on an ongoing basis. Separately, NAM has in place risk management processes to control financial and regulatory risk and ensure appropriate escalation of any potential issues within a clear governance structure.

NAM conducts a thorough due diligence on external data vendors to clarify applied methodologies and verify data quality. However, as the regulation and standards of non-financial reporting is rapidly developing, data quality, coverage and accessibility remains challenging – especially for smaller companies and less developed markets.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

Good governance practices of investee companies is addressed in various layers of the security selection process. Governance safeguards are inherent in the NAM level norms-based screening as well as the NAM PAI processes. Additionally, at the fund level, companies are screened for good governance by assessing their employee relations, pay practices, management structures and tax compliance. In respect of sovereign issuers, the assessment of good governance practices is based on three pillars; 1) The principles of governance (democratic governance), 2) Execution of governance and 3) Efficiency of governance.



What is the asset allocation planned for the financial product?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Investments*

#1 Aligned with E/S characteristics
The fund is expected to dedicate 80% of its NAV to investments that are aligned with its E/S characteristics

#2 Other
Cash, derivatives, other investments for which there is insufficient data

#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.

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

The asset allocation may change over time and percentages should be seen as an average over an extended period of time. Calculations may rely on incomplete or inaccurate company or third party data.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Cash may be held as ancillary liquidity or for risk balancing purposes. The fund may use derivatives and other techniques for the purposes described in the ‘What the funds can use derivatives for’ section in the prospectus. This category may also include securities for which relevant data is not available.



Can I find more product specific information online?

More product-specific information can be found on nordea.lu