

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, 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 laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include 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 - European Stars Equity Fund

Legal entity identifier: 54930081LEEGLNYZEC05

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 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**



What environmental and/or social characteristics are promoted by this 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. The process applied to identify sustainable investments is further described below in the section "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 this financial product?"

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. The binding measures and thresholds are further described in section "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 this financial product?"

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. The exclusion criteria are further described in the section "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 this financial product?"

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. More information can be found in the section "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 this financial product?"

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

● **What sustainability indicators are used to measure the attainment of each 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 the following indicators:

- % of sustainable investments
- % of Investments, aligned with the E/S characteristics, with an ESG score that does not meet the minimum threshold
- % of investments, aligned with the E/S characteristics, that do not comply with Sector and Value Based Exclusions
- % of investments, aligned with the E/S characteristics, that do not comply with NAM's Paris-Aligned Fossil Fuel Policy

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.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objective of the sustainable investments that the fund partially intends to make, is to contribute to one or several of the UN SDGs or alternatively be involved in Taxonomy-aligned activities. Sustainable investments contribute to the objectives through the fund's investments in companies where a minimum of 20% of their activity can be linked to economic activities supporting an environmentally-sustainable objective defined in the EU Taxonomy, or an environmental or social objective belonging to the list of UN SDGs. The definition of sustainable investments is further detailed in the section "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 this financial product?".

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. For further details, see the link to sustainability related information below under the headline "Where can I find more product specific information online?".

The EU Taxonomy provides a framework for assessment of environmentally sustainable economic activities and lists economic activities that are considered environmentally sustainable in the context of the European Green Deal.

● ***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. It can be found via the link provided below in the section "Where can I find more product specific information online?".

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 fund's exclusion policy is described in the section "What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?"

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.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this fund do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

No

Yes, NAM's proprietary quantitative PAI tool assesses the impact of NAM's investment universe (direct investments mainly) across multiple PAI indicators. Investment teams have access to both absolute PAI metrics and normalised scale values, allowing them to identify outliers and adjust their view of investee companies and issuers accordingly. 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 is available in the annual report to be disclosed pursuant to SFDR Article 11(2).



What investment strategy does this financial product follow?

The general investment policy of the fund, including investment universe and benchmark, is further detailed in the Investment Objective and Policy section of the prospectus.

The E/S characteristics that are promoted by the fund, are integrated in the investment process on a binding basis as described in the section "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 this 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 it 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 available via the link provided in the section "Where can I find more product specific information online?". 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.

Engagement and stewardship

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.

● **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 this financial product?**

Minimum 50% of the fund is in investments that are sustainable as per SFDR article 2 (17). Investments are classified as sustainable, using NAM's proprietary methodology. The classification is mainly based on contribution to one or more of the UN SDGs or one or more of the environmental objectives in the EU Taxonomy. However, for certain asset types like covered bonds and use-of-proceeds bonds, other measures are relevant. The process also tests good governance as described in the section "What is the policy to assess good governance practices of the investee companies?" and that the companies' activities do no significant harm to other objectives as described in the section "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?".

Direct investments made by the fund must meet a minimum ESG score standard. 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

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

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. The fund may invest based on a preliminary internal assessment of the ESG profile until a formal score is assigned.

Sector- or value-based exclusions prevent investments in companies that are involved in serious breaches of international norms where engagement is deemed not to be possible or effective. Companies engaging in certain activities that are deemed to have significant negative climate or environmental impact, like thermal coal or production of fossil fuels from oil sands and arctic drilling, are also excluded, as well as companies active in the production of controversial weapons and companies involved in pornography. Companies' exposure to certain activities may be measured on production, distribution or revenue contribution depending on the nature of the activity, and thresholds may apply for the purpose of exclusions. A link to the list of excluded companies, as well as the Responsible Investment Policy further detailing the process, is provided below in the section "Where can I find more product specific information online?". The investments in the fund are also subject to specific exclusions that limit exposure to certain activities that are incompatible with the fund's investment profile or deemed to be detrimental to the environment or society at large. The specific additional exclusions that apply to the fund can be found in the sustainability-related website disclosures through the link provided below in the section "Where can I find more product specific information online?".

The fund adheres to NAM's Paris-Aligned Fossil Fuel Policy that 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. A link to a description of NAM's Paris-Aligned Fossil Fuel Policy is provided below in the section "Where can I find more product specific information online?".

The binding elements are documented and monitored on an ongoing basis. Separately, NAM has risk management processes in place 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.

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

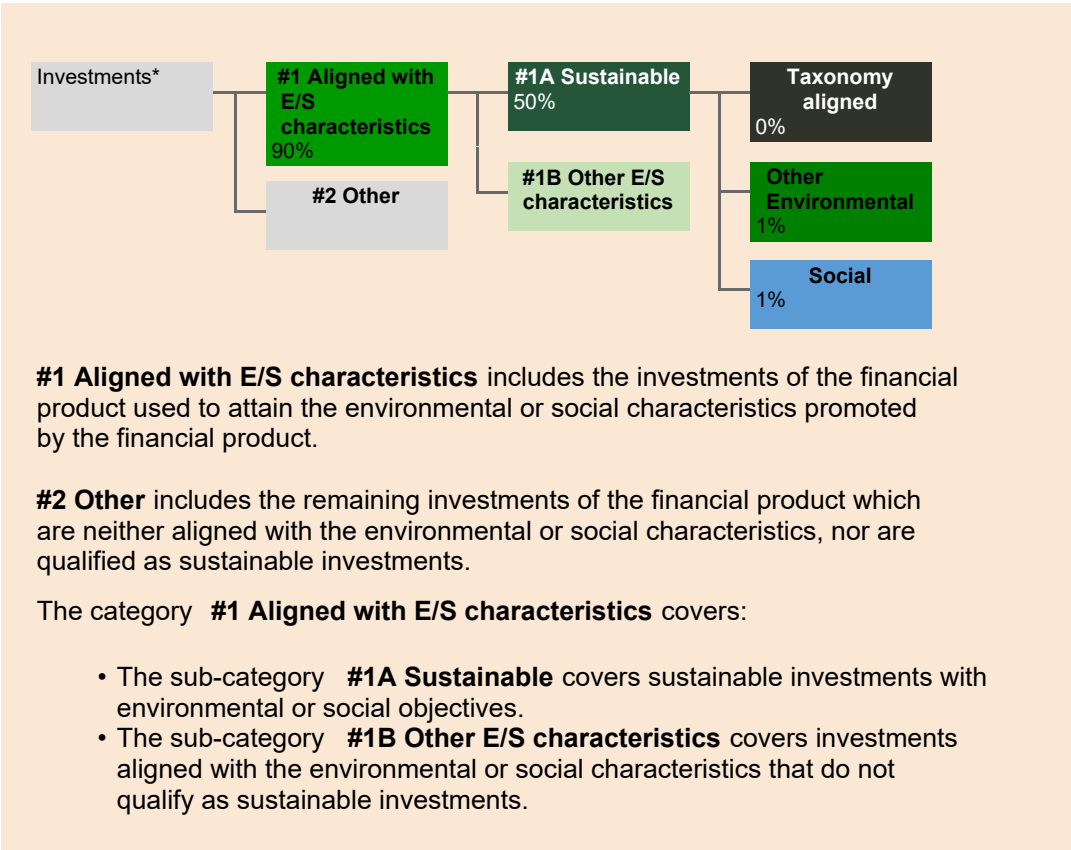
● ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices of investee companies 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.



What is the asset allocation planned for the financial product?

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



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The minimum proportion of investments that are aligned with the EU Taxonomy is 0%. Sufficiently reliable data on Taxonomy-alignment is scarce and the data coverage remains too low to support a meaningful commitment to a minimum proportion of Taxonomy-aligned investments in this fund. It cannot be excluded that some of the fund's holdings qualify as Taxonomy-aligned investments. Disclosures and reporting on Taxonomy-alignment will develop as the EU framework evolves and data is made available by companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

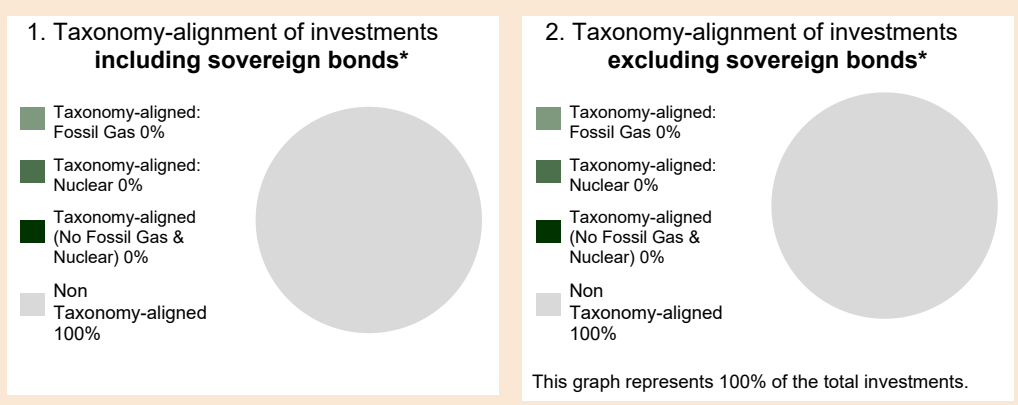
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

- Yes
 - In fossil gas
 - In nuclear energy
- No

Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.


The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

There is no commitment to a minimum proportion of investments in transitional and enabling activities.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy is 1%. The fund will make a minimum sustainable investment with an environmental objective as displayed in the graph in the section "What is the asset allocation and the minimum share of sustainable investments?".



What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 1%.



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 "Fund Descriptions" in the prospectus. This category may also include securities for which relevant data is not available. Minimum environmental or social safeguards are not applicable.



Where can I find more product specific information online?

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

Additional information as referenced in the above sections is available here:

- [Sustainability-related information](#)
- [Responsible Investment Policy](#)
- [Exclusion list](#)
- [Paris-Aligned Fossil Fuel Policy](#)