

Nordea



Sustainable finance at Nordea

Together with partners and customers Nordea enables the transition towards a sustainable future.

Your money is a powerful tool for driving change

Your banking relationship can span everything from savings and lending, to the advice you receive from your bank. *Sustainable finance* means including sustainability as a natural part of these solutions and services. As a leading European bank, working with sustainable finance not only provides a business opportunity for Nordea – it is also our duty in relation to customers and society.

ESG and how we define sustainability

ESG stands for Environmental, Social and Governance. Good ESG practices are also often called 'sustainability'. In a business context, sustainability is about the company's business model, i.e. how its products and services contribute to sustainable development. It is also about a company's risk management, i.e. how it manages its own operations to minimise adverse impact.

Examples:

- **Environmental:** How does a company treat our environment?
- **Social:** How does a company treat its employees, society and the community?
- **Governance:** What are a company's business ethics (i.e. bribery and corruption)?

Why sustainable finance?

We are living in a time of global challenges with many aspects of our lives changing, such as our climate. We need to react and adapt to the limitations of our planet. Just as you might choose organic fair-trade bananas in the store, you need to think in the same way about your financial products, like the funds in which you save.

The financial sector plays an important role in society. Banks help people and corporations save and borrow money to fulfil their dreams. The companies to which the financial sector lends money, or in which it invests, are those that will be able to develop and grow. That is why it is important to ensure that money is allocated to areas where it will make a positive, sustainable contribution to our shared future.

Your choices matter. How you invest your money will affect living conditions (both your own and those of others), now and in the future. You can make sure that your savings are used for sustainable development, which can also give good and stable returns.

Now, and for future generations, Nordea works with sustainable finance for the sake of our investors, stakeholders and employees – and not least for you as our customer. Together, we can help enable the transition towards a sustainable future.



"Together with partners and customers Nordea enables the transition towards a sustainable future."



How and what?

We constantly strive to make sustainability a natural part of everything we do at Nordea – as a company, in our offering and in the advice we provide to you as our customer.

We **engage** to make a difference. This is how Nordea stands out from the crowd in terms of sustainability. We engage customers in sustainability issues to increase awareness and knowledge. As organisation we engage to work with sustainable finance consistently. We engage the companies and sectors in which we invest and to which we lend money. In so doing, we use our expertise and muscle as a leading bank to drive change. For example, we are engaging the pharmaceutical industry regarding its water pollution in India – a factor we want to change.

By **adapting** to changes and challenges around us we can through research, both related to equity and thematic, and our decisions as a bank, be proactive and enable customer offerings that contribute to a sustainable future. For example, in the Nordea Climate and Environment Fund we invest in companies that provide climate adaptation solutions. The fund enables saving in solutions for the climate, such as solar power and lighter aircraft.

We **mitigate** sustainability risks that could lead to an uncertain future, by focusing on research and making decisions for our client offerings. Sustainability risks could be related to the environment, social issues and governance (see the ESG fact box). For example, we always look at how the companies in which we invest treat their employees, even if they have workers in countries far away from their headquarters.

Imagine what you can do with your money

– Evidence and insights

Sustainable investments can give better returns

Integrating ESG aspects into equity research has proven to be very beneficial, not only from a sustainability perspective but also a financial one. A research paper by Nordea Markets shows that companies that are leaders in sustainability financially outperform companies with poor ESG performance by more than 40 percentage points.

Did you know that sustainable investments can give even better financial return?

Five ways to fight climate change*



Shorten your showers by two minutes each time – you save 1.06 tonnes of CO₂ emissions



Take one less international flight per year – you save 18.93 tonnes of CO₂ emissions



Take the train instead of the car – you save 26.73 tonnes of CO₂ emissions



Eat only one piece of meat each week – you save 35.68 tonnes of CO₂ emissions



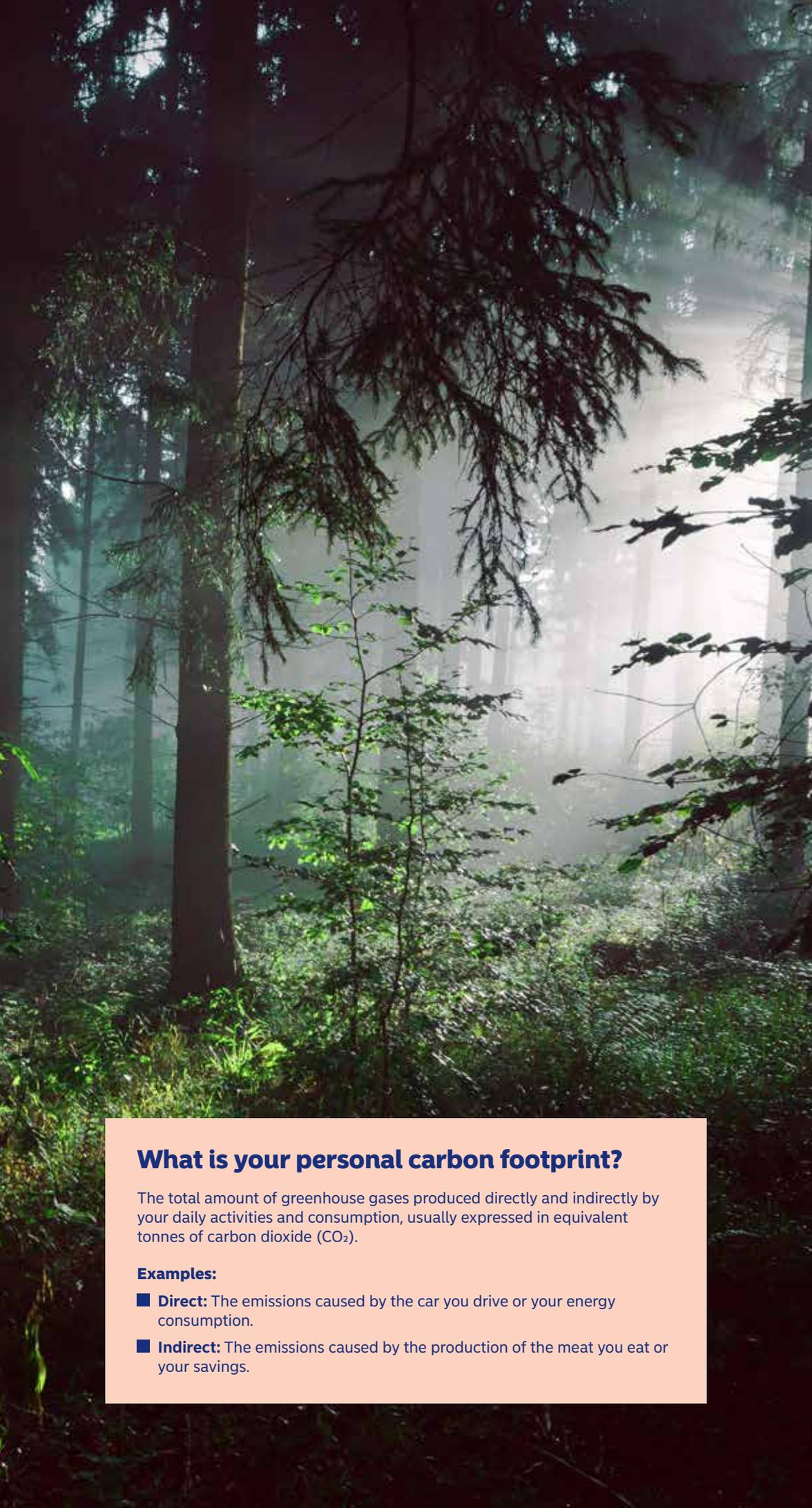
Move your pension savings to sustainable funds – you save 2,222.67 tonnes of CO₂ emissions

Your savings can help save our climate

According to calculations made by Nordea's sustainable finance team, moving your pension savings to sustainable funds can be 27 times more efficient than the other four ways of reducing your carbon footprint. This means that if you follow the first four recommendations but leave your savings unchanged, it will take 27 years longer to achieve the same effect.

Did you know that your savings can have 27 times more of an impact on your personal CO₂ footprint?

* Please note that these figures are based on estimates and calculations made by Nordea on the assumption that an average person works from the age of 23 and until he or she reaches the age of 65. During this 42-year working time period, the examples estimate how much such a person may impact the climate through choice of lifestyle vis-à-vis choice of investment for his or her pension savings.



What is your personal carbon footprint?

The total amount of greenhouse gases produced directly and indirectly by your daily activities and consumption, usually expressed in equivalent tonnes of carbon dioxide (CO₂).

Examples:

- **Direct:** The emissions caused by the car you drive or your energy consumption.
- **Indirect:** The emissions caused by the production of the meat you eat or your savings.

Real stories and real change

To enable the transition towards a sustainable future, we need to engage in important global issues with the companies to which we allocate money. It is through Nordea's engagements that we make a real difference for you as our customer and a citizen of the world.

As the largest bank in the Nordics, we use our size and expertise to drive change towards a sustainable future. We do so by playing an active role globally, in dialogues with companies and the sectors in which we invest and to which we lend money.

For us, it is not enough to sit behind a desk and look at reports or public information. We travel around the world to visit the sectors in which we invest to address and identify the risks and opportunities presented by global challenges. This is to make sure that our customers' money is invested responsibly and to drive sustainable development.



Making a difference for a sustainable future

Engagements

We engage with companies and other stakeholders (including policymakers on different themes, individually or through collaborative initiatives) with a global reach that is supported by a large number of investors.



Example:

The pharmaceutical industry is one of the fastest-growing segments of the Indian economy. The majority of western pharmaceutical companies have their production in India. Pharmaceuticals production in India is heavily polluting the water supply in the factories' local environment. Pollution from antibiotics manufacturing – an often-overlooked cause of antibiotic resistance – is particularly problematic because it fuels the spread of antimicrobial resistance (AMR), one of the most serious global threats to public health and wealth today. As investors of our customers' money, Nordea is engaging with many of these companies to drive change – not only in the companies in which we invest, but the entire industry.

Examples of our engagement include dialogues with pharmaceutical companies, on-site visits in India, water research with follow-up and public reports of the findings.

Initiatives and partnerships

Stewardship

To drive change, we collaborate in different international initiatives and partnerships. We want to take an active role in aligning finance and markets with sustainability. As part of our sustainable finance approach, we follow internationally recognised principles of sustainable investment and stewardship.



Example:

Nordea is a funding member of the Corporate Human Rights Benchmark. It is a platform displaying companies' human rights performance. The ranking and underlying data is publicly available at no cost with the aim of driving better human rights performance. With this information, investors and consumers all over the world can make better informed decisions for a sustainable future.

Discovering opportunities with our own eyes

In line with Nordea's sustainable finance approach, we take active ownership. We conduct field trips to understand the risks and opportunities in global challenges, to monitor industries, sectors or a specific company in which we invest. We do this to be able to drive real change.

Bosnia – Environmental impact of the steel industry in Bosnia

Nordea visited Zenica in Bosnia to investigate the pollution and impacts of the steel industry, which dominates the city with a huge plant employing around 3,000 people. The steel is manufactured by one of the world's largest players in the extractive industry, ArcelorMittal – a company Nordea invests in.



Australia – Climate change

Sasja Beslik, Head of Group Sustainable Finance at Nordea, went below the surface to look at the effects of climate change. Climate change affects us all. In Australia, cause and effect is visible in the same place – on the one hand, the coal industry and the fossil fuels being used and, on the other, extreme weather with drought and the destruction of the Great Barrier Reef – a dying ecosystem. It is clear that we need to allocate money to the solutions for climate change. This is why we take a clear position on climate change at Nordea with initiatives covering investments, financing and advice.

Dr. Charlie Veron, Marine Scientist & Coral Expert and Sasja Beslik, Head of Group Sustainable Finance at Nordea



Read more at
[nordea.com/
position-climate](https://nordea.com/position-climate)



Norway – Climate Change

Global warming is taking a toll on Norway, where it is getting both warmer and wetter. The dramatic increase in temperature and precipitation is damaging to many sectors in the Norwegian economy. Climate change is not only far away from Nordea's home market, but here and now.

Congo – Child labour to produce our everyday electronics

Nordea's Sasja Beslik went to Congo to witness the dilemmas of technological innovation, which is challenged by the shortage of minerals and metals. Rare earth metals, which are used in everything from consumer electronics and electric vehicles to renewable energy and computers, are crucial to modern technology. In Congo, 40,000 children are involved in the cobalt mining process, working under slave-like conditions, making a mere USD 1–2 per day. Cobalt is an important component in today's phones and the demand is expected to outstrip supply already in 2021. Nordea has significant financial exposure related to mining activities of rare earth metals. Therefore, Nordea has initiated a two-year engagement with leading auto manufacturers to address these concerns.



8-year-old Dorsen, one of thousands of children working in Congo's polluted cobalt mines.





Put your money into action

At Nordea we are committed to improving our advice in a way that enables our customers to make informed decisions on environmental, social and governance aspects relevant to our products and services, and to be transparent in such aspects. This means that we commit to developing and supplying investment products that support sustainable development.

By combining financial performance with environmental, social and governance insights, we strive to offer clients responsible solutions that will generate good returns. In financing activities, we are committed to engaging with customers on environmental, social and governance matters and to have an understanding of the challenges and opportunities that customers face in their respective businesses and industries.

Investments in funds are subject to risk. Past performance is no guarantee of future returns. The money invested in a fund can increase and decrease in value and there is no guarantee that you will get back the full amount invested.



Read more at:
[nordea.com/
sustainability
-policy](https://nordea.com/sustainability-policy)

Sustainable Nordea products

To help you make decisions that support sustainable development, we have developed products with a particular sustainability focus:

Stars Funds

We have created a **family of investment funds** under the Nordea Stars brand. The Nordea Stars concept is all about finding tomorrow's best performers, which – from our point of view – will be companies with sustainable business models and the ability to conduct their business responsibly in relation to their stakeholders – employees, suppliers, customers, investors and society at large alike.

The Climate and Environmental Fund

Investing in resource efficiency is a vital part of making the transition to a more sustainable society. Companies that use their talent and innovation to make a positive difference can generate attractive returns. The Climate and Environmental Fund Invests in companies which, through their climate solutions, are changing the world for the better – because saving electricity is as important as generating clean electricity. It focuses on businesses operating in resource efficiency, environmental protection and alternative energy.

Green bonds

Green bonds finance **projects with a sustainability focus**, such as those aimed at energy efficiency, pollution prevention and sustainable water management and agriculture. We want to support companies' transitions towards more sustainable business models. Therefore we need to provide relevant products that enable companies and investors to address climate change. In June 2017, Nordea issued its first green bond and in 2017 we were the facilitator of another 20 green bonds amounting to almost USD 4bn – more than doubling the volume from 2016. Our ambition to be a leader in sustainable finance advanced us from number nine among our Nordic peers to a lead position as an arranger of green bonds.

Green loans

Like green bonds, green loans are used to **finance specific investments with environmental benefits** and give our customers the opportunity to address climate change in their financing. As demand for green bonds has increased, interest in other types of green loan has grown. In September 2017, we launched an initiative aimed at developing a green purpose-based loan product. With these financing products, we aim to support our corporate customers' transition to a sustainable future.



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enables the transition towards a sustainable future.**





For more information about responsible investments and sustainable finance at Nordea please visit our websites: nordea.com/sustainability and sustainablefinance.nordea.com/