

# Fossil Fuel Policy

aligned with the  
Paris Climate Agreement

A policy for excluding fossil fuel companies that are not demonstrating a transition in line with the central climate objectives of the Paris Agreement.

May 2025



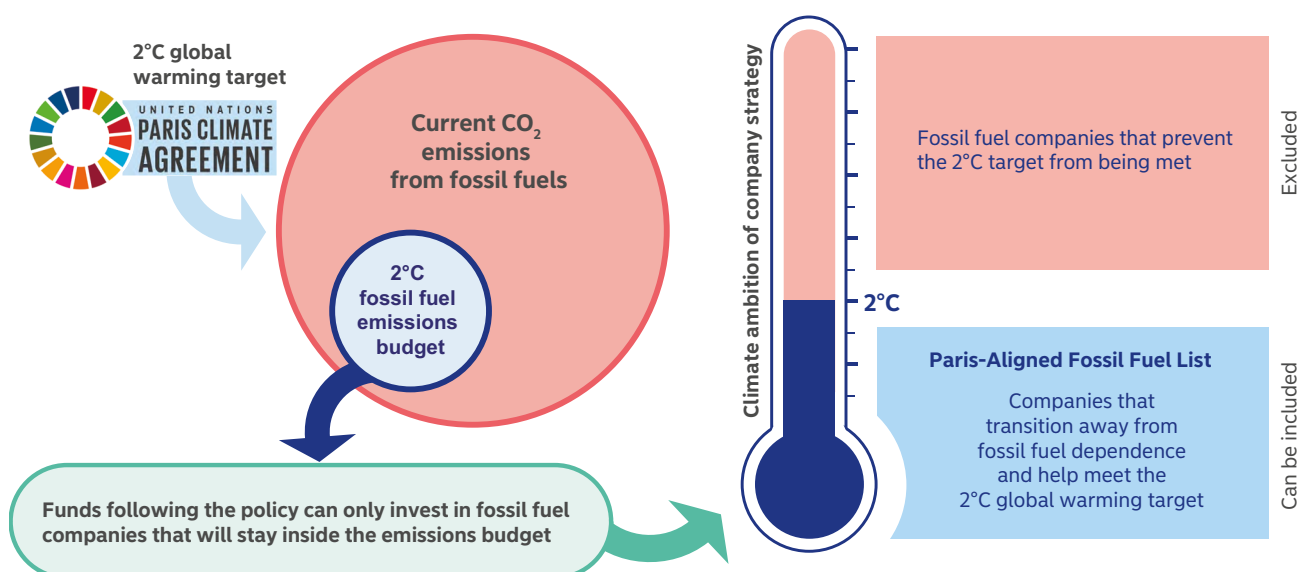
**Nordea**  
ASSET MANAGEMENT

## Introduction

Nordea Asset Management's Responsible Investment Policy states our commitment to align our portfolios with the Paris agreement, which means that, over time, our investment strategies should be consistent with limiting global warming to below 2°C. The most important measure we can take to limit global warming is to bring down emissions from fossil fuels. In order to meet the 2°C target, the emission budget for fossil fuels, or the total annual fossil emissions that the atmosphere can tolerate, will decrease every year, and the challenge is for companies to stay within that budget.

The complete elimination of fossil fuels in most countries is a decade or more away, and many of the key energy providers of tomorrow are currently in a phase-out period where they are reducing the use of fossil fuels, but many others do not have meaningful plans for transitioning to clean energy. With the NAM Paris-Aligned Fossil Fuel policy, we will maintain the possibility to stay invested in companies that help accelerate the transition to clean energy and phase out of fossil fuels, and will divest from companies that are slowing the transition down. Companies with a transition strategy that is aligned with the 2°C target are put on a whitelist called the Paris-Aligned Fossil Fuel List, or sometimes the Nordea Fossil Fuel Transition List. Companies not on that list will be excluded.

The policy requires all fossil fuel companies to demonstrate that they have a decarbonization strategy that is consistent with 2°C of global warming or less. These companies are put on the Paris-Aligned Fossil Fuel list. Companies that are not on the list will be excluded from funds adhering to the policy.



### What companies are in scope for the screening?

The policy only applies to fossil fuel companies. These are defined as companies that derive more than 5% of total revenues from the exploration, production or distribution of fossil fuels, as well as companies that derive more than 50% of revenues from services that are essential and specific to fossil fuel extraction.

In addition, the policy excludes all companies that are involved in so-called unconventional fossil fuel extraction methods. These methods include Arctic drilling, oil sands extraction, and hydraulic fracturing (shale oil/gas).

The policy only applies to corporates.

### How is the Paris-Aligned Fossil Fuel list constructed?

The Responsible Investments (RI) team within Nordea Asset Management compiles and maintains the list, based on the best available data and assessments of alignment to the Paris agreement in fossil fuel sectors. The main data source for this is the Transition Pathway Initiative (TPI), whose assessments are publicly available on their [website](#).

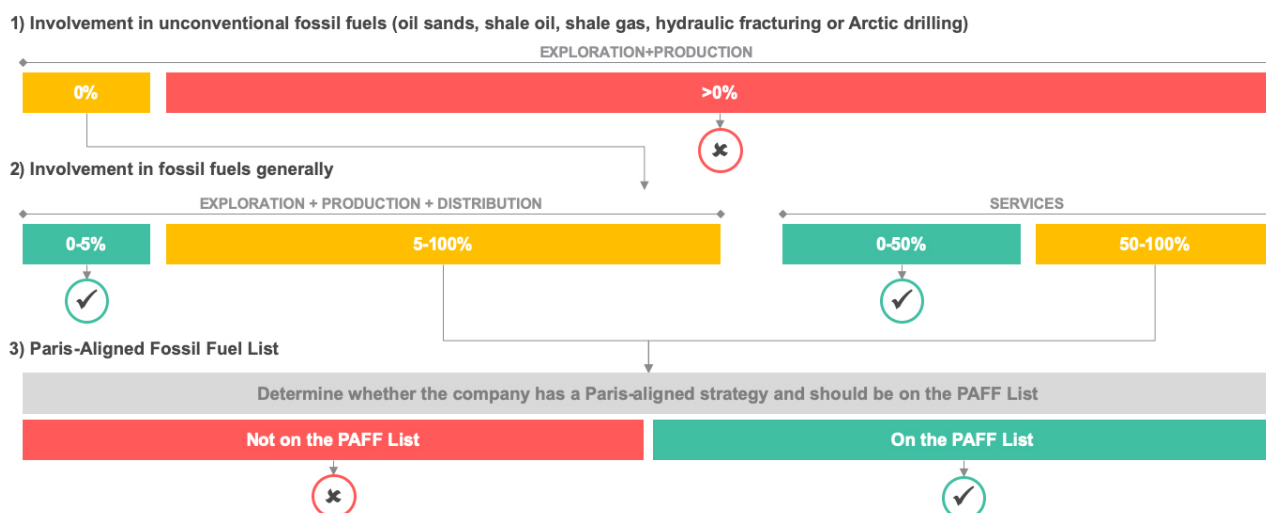
TPI assesses large listed companies in high-emitting sectors on two dimensions:

1. Carbon Performance: The alignment of a company's emissions intensity with a 2°C global warming scenario; and
2. Greenhouse Gas Management Quality: The quality of a company's climate governance (on a scale from 0 to 4)

The emission intensity alignment is based on sector-specific emissions intensity benchmarks, according to the so-called Sectoral Decarbonization Approach (SDA). SDA benchmarks indicate, for the given sector, what emissions intensity is aligned with 2°C.

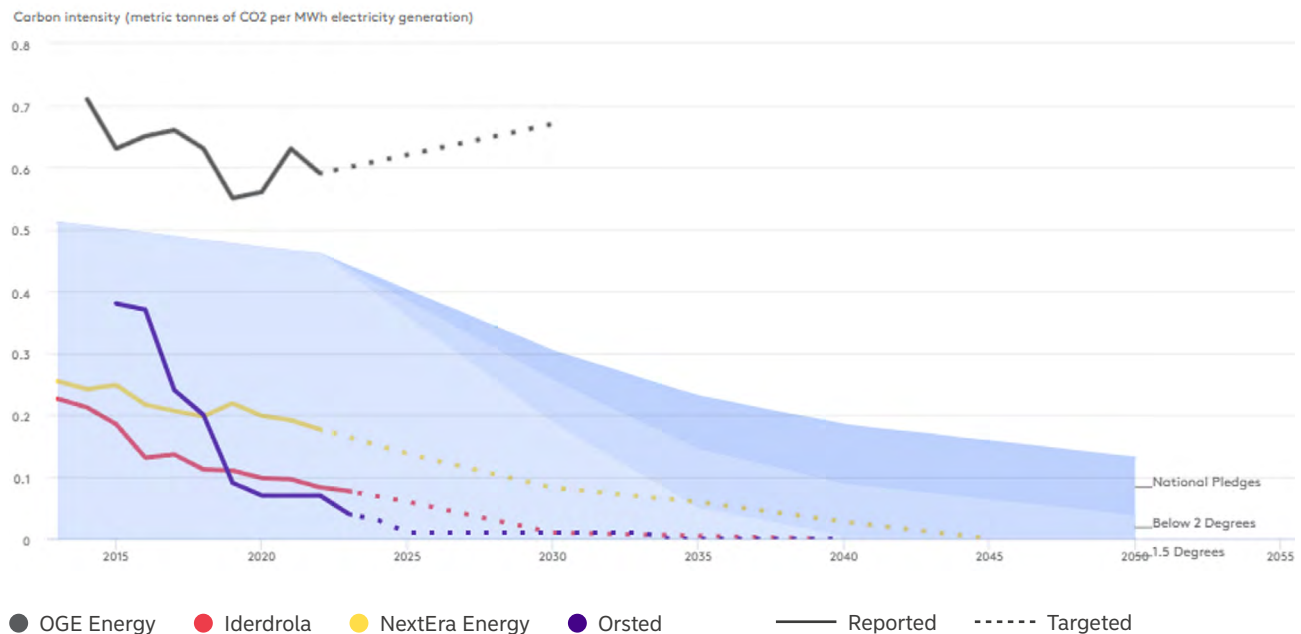
These benchmarks exist for electricity utilities and primary energy (oil & gas), but not for all other sectors in which fossil fuel companies (as defined for the purposes of the policy) are found. For example, no emission intensity benchmark exists for gas utilities.

Generally, for companies that are covered by the Transition Pathway Initiative (and therefore have an SDA benchmark), they will be put on the list if they have emissions targets that are aligned with 2°C or less, and a climate governance rated at 3 or higher.



## The main data source is Transition Pathway Initiative

TPI assesses companies' forward-looking targets and strategies for alignment with a 2°C global warming scenario



For illustrative purpose only. May not be reflective of the most recent assessments for the companies listed.

For companies that are not covered by the Transition Pathway Initiative, but for which SDA benchmarks exist, the Responsible Investments team will use alternative data sources to assess the company's alignment with the same benchmarks as TPI uses. Notably, the electricity utility sector contains many such companies. For this sector, emissions intensity data from ISS ESG, and a climate governance quality assessment from CDP is used.

For companies that are not covered by TPI and for which no SDA benchmark exists, the Nordea Responsible Investments team will assess the companies based on internal research and climate data from other providers, which will serve as a proxy for SDA based alignment assessments until relevant SDA based assessments are possible. These assessments are generally more qualitative in nature, but are necessary to identify the issuers that would be counter-productive for the objectives of the Paris Agreement to exclude. The main parameters for these assessments are:

1. The company should have a business model that promotes the fulfilment of the Paris Agreement's climate objectives (where the business model is defined as a combination of products and services)
2. The company should have sound climate risk management
3. The company should have ambitious emission reduction targets

Additionally, where a quantitative screening is performed, the RI team may choose to override this screening if the assessment from TPI or other providers is found to not be appropriate. Generally, these overrides should only be made if:

- The RI team finds that the service provider's assessment of the issuer's performance against the specific criterion that they fail is based on inaccurate, incomplete or outdated information;
- The RI team has access to more accurate, complete or recent information related to this specific criterion; and
- The RI team assesses with high conviction that, if this information were reflected, the issuer would successfully meet all the relevant criteria within the next 12 months.

For issuers that are fully or mainly state-owned, the RI team may choose to evaluate the issuer's performance against the Paris Agreement based on the alignment of the sovereign's climate strategy with the 2°C target.

**As of March 2025, the PAFF List contained the following issuers:**

- A2A SpA
- ABL Group ASA
- AES Andes SA
- AES Argentina Generacion SA
- AES Corp/The
- AES Espana BV
- AGL Energy Ltd
- Aker Solutions ASA
- Alliant Energy Corp
- Ameren Corp
- American Electric Power Co Inc
- Anglo American PLC
- Atlantica Sustainable Infrastructure PLC
- Avangrid Inc
- Baltimore Gas and Electric Co
- Beijing Enterprises Holdings Ltd
- Beijing Jingneng Clean Energy Co Ltd
- Bellis Acquisition Co PLC
- BKW AG
- Burckhardt Compression Holding AG
- Canadian Tire Corp Ltd
- Centrica PLC
- CEZ AS
- China Longyuan Power Group Corp Ltd
- China Resources Gas Group Ltd
- China Suntien Green Energy Corp Ltd
- Cia Energetica de Minas Gerais
- Clean Energy Fuels Corp
- Clearway Energy Inc
- Clearway Energy Operating LLC
- CLP Holdings Ltd
- CMS Energy Corp
- Colbun SA
- Consolidated Edison Co of New York Inc
- Consolidated Edison Inc
- Constellation Energy Corp
- Constellation Energy Generation LLC
- Contact Energy Ltd
- Cosan Ltd
- Cosan Luxembourg SA
- Cosan SA
- Costco Wholesale Corp
- Delmarva Power & Light Co
- Delta Air Lines Inc
- Dominion Energy Inc
- DT Midstream Inc
- Duke Energy Corp
- Duke Energy Florida Project Finance LLC
- Duke Energy Ohio Inc
- E.ON International Finance BV
- E.ON SE
- EDP Finance BV
- EDP SA
- Electricite de France SA
- Elering AS
- Emera Inc
- Empresa Electrica Angamos SA
- Enagas SA
- EnBW Energie Baden-Wuerttemberg AG
- EnBW International Finance BV
- Endesa SA
- Enel Americas SA
- Enel Chile SA
- Enel Finance International NV
- Enel Generacion Chile SA
- Enel SpA
- Engie Brasil Energia SA
- Engie Energia Chile SA
- Engie SA
- ENN Energy Holdings Ltd
- Entergy Corp
- Entergy Gulf States Louisiana LLC
- Entergy Louisiana LLC
- Essential Utilities Inc
- Eversource Energy
- Exelon Corp
- First Philippine Holdings Corp
- FirstEnergy Corp
- Florida Power & Light Co
- Fomento Economico Mexicano SAB de CV
- Fortis Inc/Canada
- Fortum Oyj
- Genneia SA
- Grupo Energia Bogota SA ESP
- Guangdong Investment Ltd
- Gulf Power Co
- Hawaiian Electric Industries Inc
- Hera SpA
- Iberdrola Finanzas SA
- Iberdrola International BV
- Iberdrola SA
- Infraestructura Energetica Nova SAPI de CV
- innogy Finance BV
- Innogy SE/DE
- Interstate Power and Light Co
- IPALCO Enterprises Inc
- Iren SpA
- Jiangsu Expressway Co Ltd
- Kawasaki Kisen Kaisha Ltd
- Koninklijke Vopak NV
- Kroger Co/The
- Magnora ASA
- MidAmerican Energy Co
- National Gas Transmission PLC
- National Grid North America Inc
- National Grid PLC
- Naturgy Capital Markets SA
- Naturgy Energy Group SA
- Naturgy Finance Iberia SA
- Neste Oyj
- New York State Electric & Gas Corp
- NextEra Energy Capital Holdings Inc
- NextEra Energy Inc
- NGG Finance PLC
- NiSource Finance Corp
- NiSource Inc
- Northland Power Inc
- Orsted AS
- Orygen Peru SAA
- Pacific Gas and Electric Co
- PECO Energy Co
- PG&E Corp

- Portland General Electric Co
- Public Service Co of Colorado
- Public Service Electric and Gas Co
- Public Service Enterprise Group Inc
- REN - Redes Energeticas Nacionais SGPS SA
- Ren Finance BV
- Rochester Gas and Electric Corp
- Rotork PLC
- RWE AG
- San Diego Gas & Electric Co
- Semptra
- Seven & i Holdings Co Ltd
- Sichuan Expressway Co Ltd
- Southern Co/The
- Southwestern Public Service Co
- SSE PLC
- Subsea 7 SA
- Tampa Electric Co
- TechnipFMC PLC
- TransAlta Corp
- TransAlta Renewables Inc
- Vattenfall AB
- Veolia Environnement SA
- Vistra Corp
- Vistra Operations Co LLC
- WEC Energy Group Inc
- Wisconsin Electric Power Co
- Wisconsin Power and Light Co
- Wisconsin Public Service Corp
- Xcel Energy Inc
- XPLR Infrastructure LP
- XPLR Infrastructure Operating Partners LP

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