

BPER INTERNATIONAL SICAV—LOW DURATION EUROPEAN COVERED BOND

Sustainability-related disclosures

This Sub-Fund is a feeder fund of Nordea 1 – Low Duration European Covered Bond Fund (the "Master Fund"), a sub-fund of Nordea 1, SICAV, a Luxembourg SICAV registered under Part I of the 2010 Law.

No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.

Environmental or social characteristics promoted by the financial product

Environmental and/or social characteristics include:

Sector and value-based exclusions

Exclusion filters are applied to the portfolio construction process to restrict investments in companies and issuers with material 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, whereby the Master Fund will not invest in companies that have significant exposure to fossil fuels unless they have a credible transition strategy.

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

More information can be found below in the Methodologies section.

Investment strategy

Description of the investment strategy used to meet the environmental or social characteristics of the financial product

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 of the Master Fund.

Exclusions

Companies that are materially involved in the below activities are excluded from the investment universe of the Master Fund. Companies' involvement is measured as the proportion of revenues deriving from the excluded activities. Different thresholds apply for determining the level of involvement that will result in an exclusion of a company from the investment universe. The list shows an aggregation of exclusions that result from NAM's general RI Policy and the additional exclusions that are added to the specific investment strategy.

- Adult entertainment
- Weapons conventional
- Coal
- Gas
- Nuclear weapons
- Oil
- Fossil fuel
- Tobacco
- Unconventional weapons

Description of 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. 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.

Investment strategy

The Master Fund mainly invests in European covered bonds.

Specifically, the Master Fund invests at least two thirds of total assets in covered bonds that are issued by companies or financial institutions that are domiciled, or conduct the majority of their business, in Europe. The Master Fund also invests at least two thirds of total assets in debt securities with a rating of AAA/Aaa or lower, but not lower than A-/A3, or equivalent. The Master Fund's modified duration is between 0 and 2 years.

The Master Fund may invest in, or be exposed to, the following instruments up to the percentage of total assets indicated:

- debt securities rated BB+/Ba1 or lower, including unrated securities: 10%

The Master Fund's major part of currency exposure is hedged to the base currency, although it may also be exposed (through investments or cash) to other currencies.

Proportion of investments

The Sub-fund will allocate at least 76,5% of its assets in investments used to attain the environmental or social characteristic. Up to 23,5% of the Sub-fund's assets can be invested in other investments that are neither aligned with the environmental or social characteristics, nor qualify as sustainable investments.

Monitoring of environmental or social characteristics

Description of how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.

The following sustainability indicators are used to measure the attainment of the E/S characteristics of the Master Fund.

- **Carbon Footprint:** defined as the total carbon emissions (scope 1 and 2) for a portfolio, normalised by the market value of the portfolio, expressed in tons CO₂e / M€ invested. The Carbon Footprint expresses the share of companies' and issuers' greenhouse gas emissions that is owned or funded by the company's investments. Carbon emission will be measured by the carbon footprint for investments made in corporate issuers.
- **Greenhouse Gas Intensity for sovereigns:** Defined as the volume of carbon emissions per million euros of Gross Domestic Product, expressed in tons CO₂e/ M€ Carbon Footprint. Carbon emission will be measured using GHG Intensity for investments made in sovereigns. As the financial product may invest in both corporate and sovereign instruments, both indicators will be used depending on the specific investment made.
- **Social Violations:** Measured as the number of investee companies or countries subject to social and human rights violations as referred to in international treaties and conventions, United Nations principles and, where applicable, national law. Social violations are measured in absolute, as well as in relative numbers.
- **Violations of United Nations Global Compact:** Used to measure the share of investments in companies or issuers that have been involved in violations of the UN Global Compact (UNGCC) principles or OECD Guidelines for Multinational Enterprises. The ten UNGC principles are related to Human Rights, Labour, Environment and Anti-Corruption issues.

The limit system and monitoring of the Master Fund is run by the Risk Management Limit Team of the Master Fund (the "Limit Team"). When NAM decides to limit exposure to certain sectors or activities, those limits are built into NAM internal limit monitoring system that runs both pre- and daily post-trade screenings of the holdings. Pre-trade limits block the unfit investment opportunities from NAM portfolio management tool, and post-trade limits flag any exposure or activity that is not aligned with NAM investment guidelines. Depending on the E/S characteristic that the incident concerns, and depending on the type of exposure, certain specific action, such as divesting, may be taken.

Methodologies

Description of the methodologies to measure how the social or environmental characteristics promoted by the financial product are met.

Sector- and value-based exclusions:

Exclusions aim at limiting the investment exposure to certain sectors or activities that may be considered to be damaging for the environment and/or the society at large. Sector screenings assess a company's involvement in a specific activity measured by the revenue derived from this activity. Sector exclusions are the result of screenings based on the data and methodology of our selected data vendors.

NAM Paris Aligned Fossil Fuel Policy

NAM's Paris-Aligned Fossil Fuel Policy ("PAFF"), has been developed with the Paris agreement in mind. The Paris agreement is a legally binding international treaty on climate change. Its goal is to limit global warming, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. The NAM PAFF Policy sets thresholds for companies' exposure to fossil fuel production, distribution and services, which are implemented and monitored as specific exclusions in NAM limit system. However, investments may be allowed in companies that help accelerate the transition to clean energy and phase out of fossil fuel. The NAM PAFF policy can be found on the Master Fund's website.

Data sources & processing

What are the data sources used to attain each of the environmental or social characteristics promoted by the financial product?

NAM uses a range of different internal and external data sources and data providers to ensure that the financial product is invested in accordance with the environmental and/or social characteristics promoted. Data received from external providers may be complemented by internal research and analysis provided by NAM Investment Teams and the Responsible Investment Team. More information about the external data sources used by NAM is available upon request.

What are the measures taken to ensure data quality?

NAM applies various measures to control the quality of the external and internal data sets used. This may include internal control measures commonly used in computer programming such as:

- Quality assurance test whereby controls are made to check that the external data values are in the expected range and behave as intended
- Unit testing whereby individual data and functions created to generate insights or transform said data are tested to determine if they are fit for use and produce the expected output
- Four-eyes review of any code changes by NAM specialists
- Segregation of duties whereby there is a separation of responsibilities of key processes between more than one person, based on their area of expertise
- Segregation of IT environments that protects the integrity and availability of the environment producing the data and allows for testing of new data in terms of quality and robustness before it is used in a production environment
- Sanity test whereby the functionality and output of the system is tested to ensure that it works as expected
- Review of the data and insights generated by said data by our analysts/specialists

Furthermore, to the extent possible, data reported by companies, regulatory authorities and/or non-governmental organisations are prioritised over data from data providers' estimation models. This is done in order to minimize the reliance on third party estimation efforts which in turn improves the overall quality of the data we use as input in our investment processes.

The external data providers and other data sources are assessed on an ongoing basis for data quality, coverage and other attributes.

How are data processed?

As described above, the data used by NAM partly derives from external data providers that provide raw data on issuer level. NAM seeks to obtain as much and the most granular company data possible.

The external data received is enriched with additional external data sets, it may be complemented by in-house ESG analysis of the data, and company identifiers (ISIN) are matched with the incoming raw data to companies that NAM can potentially invest into as well as current NAM investee companies.

What proportion of data is estimated?

Although NAM prioritises reported data over estimated data, NAM does not rely to some extent on estimations and on estimated data provided by NAM external data providers where reported data is not available or of adequate quality.

Limitations to methodologies and data

Are there any limitations to the methodologies and data sources used?

The fact that some proportion of the data received from external data providers may be estimated data, may be seen as a limitation to the methodologies and data sources. Information is mainly based on historical data and may not reflect the future ESG performance or risks of the investments.

How do those limitations not affect how the environmental or social characteristics promoted by the financial product are met?

To mitigate the limitations to data sources, NAM has ensured to have solid due diligence measures in place in relation to external data providers. Manual verification processes is another mitigating factor.

NAM evaluates the quality of internal and external data on an ongoing basis, and continuously assesses if new data providers can improve the analysis and models. NAM has also implemented a Supplier Code of Conduct for data providers to follow. Prior to a data provider being chosen as a supplier, extensive market research is conducted, and the potential data providers are assessed on issues such as: data quality, coverage, security, methodology, price, reliability and conflict of interest.

Due diligence

Description of the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.

NAM conducts due diligence reviews of all internal and external data on an ongoing basis, and continuously assesses if new data providers can improve the analysis and models. As set out above, NAM has also implemented a Supplier Code of Conduct for data providers to follow. Prior to a data provider being chosen as a supplier, extensive market research is conducted, and the potential data providers are assessed on issues such as data quality, coverage, security, methodology, price, reliability and conflict of interest.

When it comes to calculation of any potential alignment with the EU Taxonomy, NAM strives to source data directly from companies, but as self-reported data remains scarce, this may be supplemented with data sourced from third party providers. ESG data in general is continually maturing and the data coverage is improving. NAM is constantly searching the market for the data which adheres to EU regulation requirements and can be used to provide NAM clients with necessary reports on the products' ESG profiles.

Engagement policies

Description of the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.

Engagement is not part of the investment strategy of the Master Fund. However, NAM undertakes, on behalf of its clients, 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.

Please refer to the engagement Policy of NIFSA and NIM. Engagement Policy for NIFSA can be found [here](#) and Engagement Policy for NIM can be found [here](#).

Designated reference benchmark

Description of whether an index has been designated as a reference benchmark to meet the environmental or social characteristics of the financial product and how such index would be aligned with the environmental or social characteristics of the financial product.

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

Investors are informed that the fund has filed the draft prospectus with the Commission de Supervision du Secteur Financier ("CSSF") reflecting the insertion of the annexes in accordance with Commission Delegated Regulation (EU) 2022/1288 (the "SFDR RTS"). To date the visa stamped prospectus has not been issued by the CSSF, the website will be updated upon receipt of the visa stamped prospectus.