



Nordea

# **Beyond Returns: Impact Investing How to Get Started**

Beatriz Magalhães, ESG & Impact Specialist  
18.9.2025



# Your Impact toolkit

## 1 Making Impact in Public Markets

Listed equities space

What kind of impact can we have as investors?

Challenges and opportunities

## 2 Impact in practice

Our Global Impact solution

Impact Framework

## 3 Measuring and Reporting Impact

Company Impact Cases

Fund Impact Report



**Before diving into the presentation...**



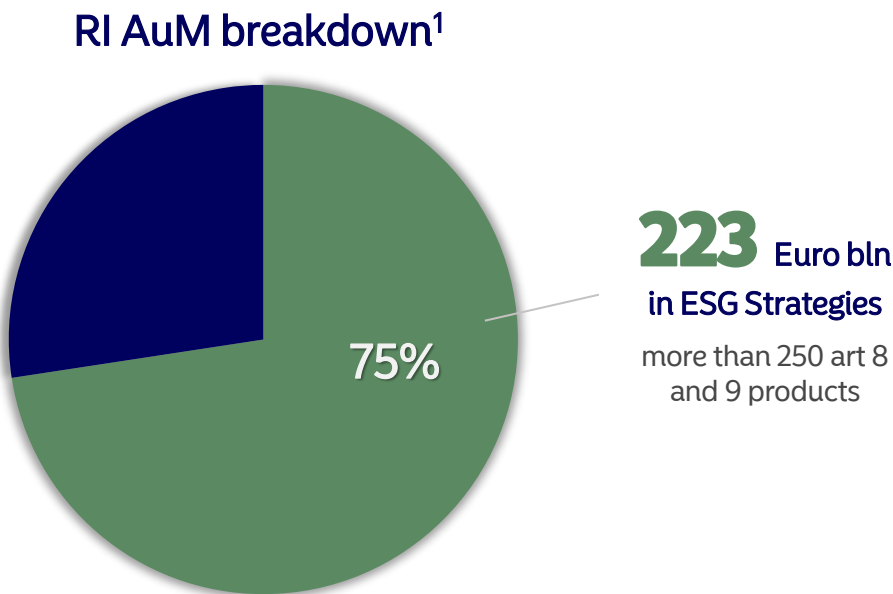
## **Beatriz Magalhães**

### **ESG & Impact Specialist at NAM**

- Working within the IWD Investment Products ESG team, which serves as NAM's ESG knowledge centre. Supporting a wide range of client-facing ESG queries and produces strategic content and materials to empower NAM's sales teams.
- Actively supporting the Impact team within the Fundamental Equities Boutique, which manages the Nordea 1 – Global Impact Fund.
- Holding a double master's degree from NHH School of Economics in Bergen and Nova School of Business and Economics in Lisbon.

# Nordea Asset Management

Leader in ESG integration across all investment process



## ESG Leader

**#5** Of largest  
European fund  
companies  
(active funds)<sup>2</sup>

**#5** Global  
Asset Manager  
ESG brand<sup>3</sup>

**PRI**  
Early signatory  
in 2007  
★★★★★ PGS<sup>4</sup>

## ESG Resources

**27** Dedicated  
ESG analysts

 Several  
Proprietary &  
robust ESG Tools

**33** International  
RI initiatives

## Climate Leaders

**6** Dedicated  
climate & nature  
experts

### Net Zero by 2050

- 1** 50% WACI reduction in equity<sup>5</sup>
- 2** Fund specific carbon footprint objectives
- 3** 80% Top 200 company Paris-aligned or engaged\* by 2025



PRI Award 2024 Methane  
Engagement<sup>6</sup>

## ESG Capabilities & Credentials

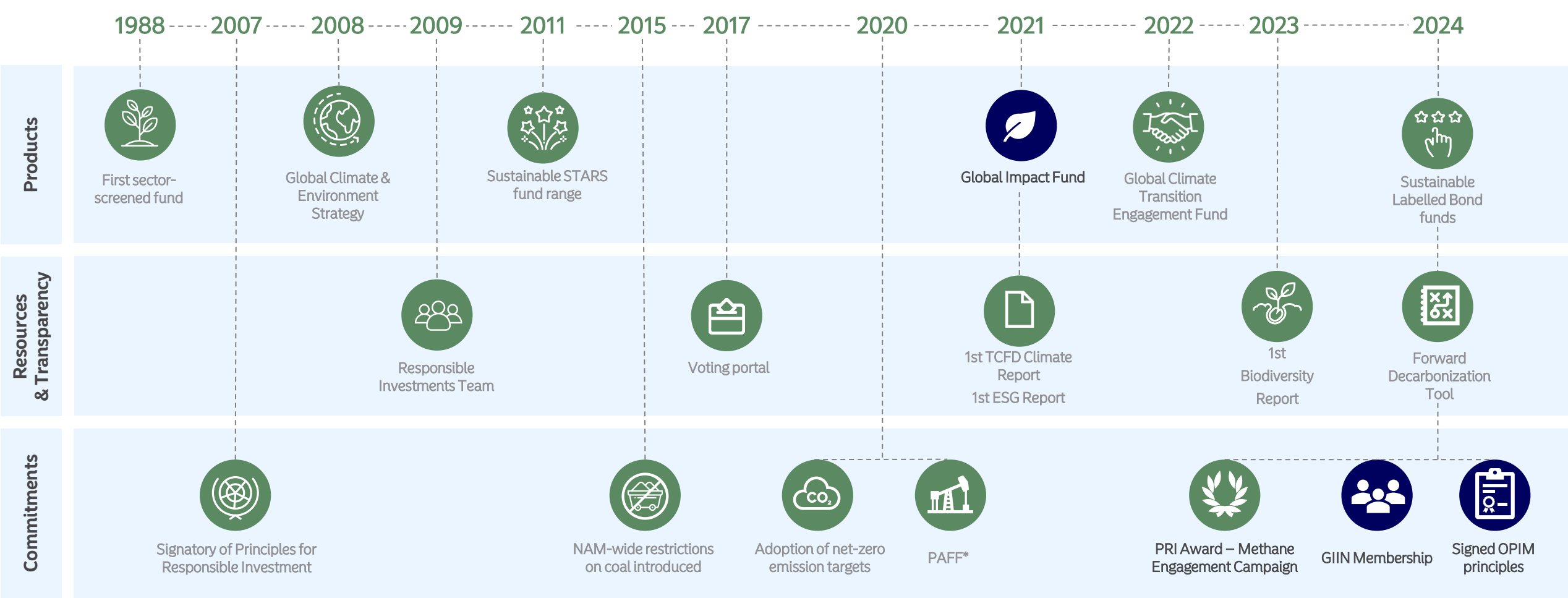
**1393** Engagements<sup>7</sup>  


  
AGM Voted<sup>7</sup> **3550**



1) 31.07.2025 2) As of Source: © 2024 Morningstar, Inc. All Rights Reserved as of 15.10.2024. Morningstar European Fund Family 100. Open-ended and exchange traded funds for sale in Europe. 3) RIBI Report 2025 4) In 2023, PRI (Principles for Responsible Investments) has given to our RI Strategy and Governance a 5-stars score (highest possible score) in PGS (Policy, Governance and Strategy) category. 5) 50% WACI reduction relative to 2019 by 2030. WACI (Weighted Average Carbon Intensity tCO2e/USD million) measures a portfolio's exposure to carbon intensive companies. 6) UN PRI Awards 7) As of 31.12.2024. \*Aligned with Paris Align Reduction Targets.

# NAM Sustainability Milestones



# NAM Sustainability Milestones

2008

## Investing with Impact



Global Climate &  
Environment Strategy

### Rationale

Investing in product and services with strong economic sense and a positive impact on the environment

AuM in 2024:

**EUR 9.6 bn**

2021

## Impact Investing



Global Impact  
Fund

### Rationale

Investing in listed equities creating a positive long-term effect on social and environmental aspects

AuM in 2024:

**EUR 7.5 bn**



# Your Impact toolkit

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Our Impact Framework

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Company Impact Case

Fund Impact Report

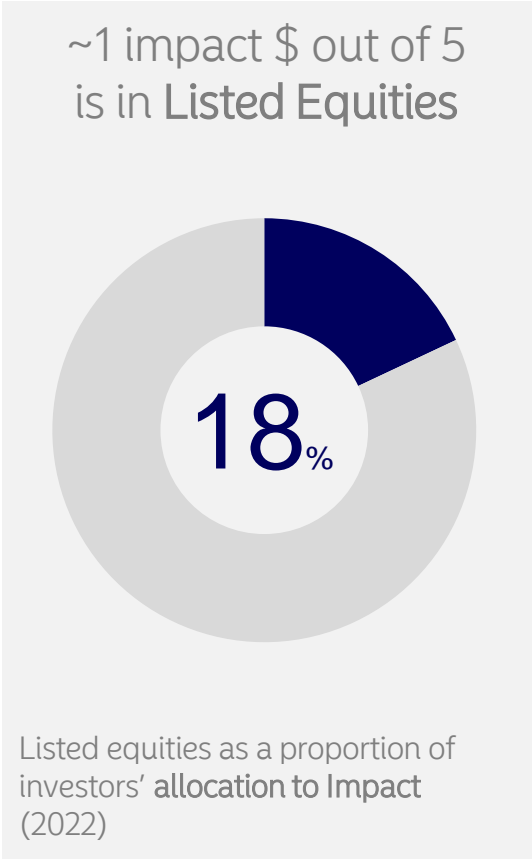
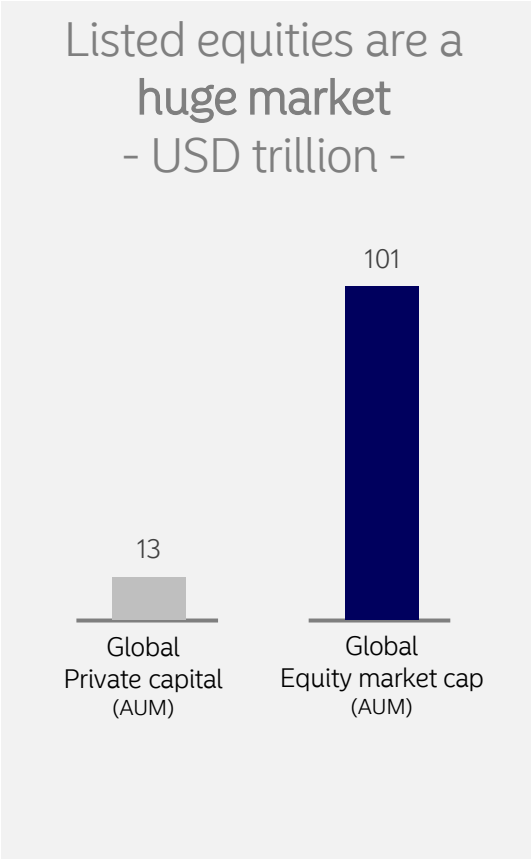


# Everybody has a role to play

The key role of listed equities in shaping the world

### Impact in listed equities

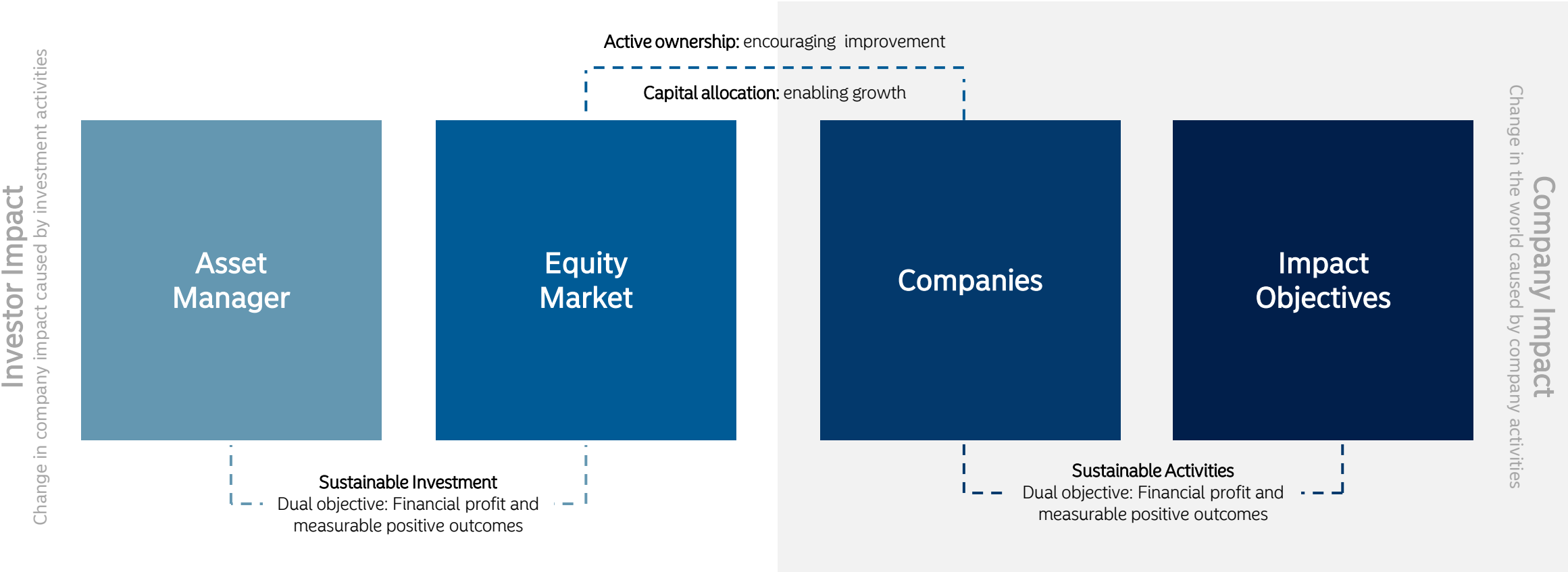
Focus on companies in private sector which provide solutions to global challenges



Source: Apollo Academy, GIIN 2023 Insight

# Impact in Listed Equities

What kind of impact can we have as investors?



# Impact in Listed Equities

## Challenges and Opportunities

### Challenges

### Opportunities



#### Data

Sparse outcome reporting, inconsistent metrics

Rising disclosure, industry standards emerging



#### Stewardship

Limited leverage, hard to measure engagement results

Shareholder engagement can drive change and a key tool in public equities space



#### Materiality

Defining “real” impact in large diversified companies

Impact-aligned business models can outperform



#### Regulation

Complex compliance, risk of “impact washing”

Clearer rules and framework around impact to build trust & credibility



#### Scale

Current headwinds around impact/ ESG

Public market size  
More liquid than private markets



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”

## Investment Philosophy

### Walking the Talk

*“Our investment approach is anchored in the belief that companies exposed to the strong structural growth driving the environmental and social transitions are strategically well positioned to perform in various economic conditions.*

*We therefore set out to invest in companies addressing sustainability challenges through their products and services as they have potential not just to provide **positive impact but also robust financial returns.**”*

Thomas Sørensen & Henning Padberg  
Portfolio Managers



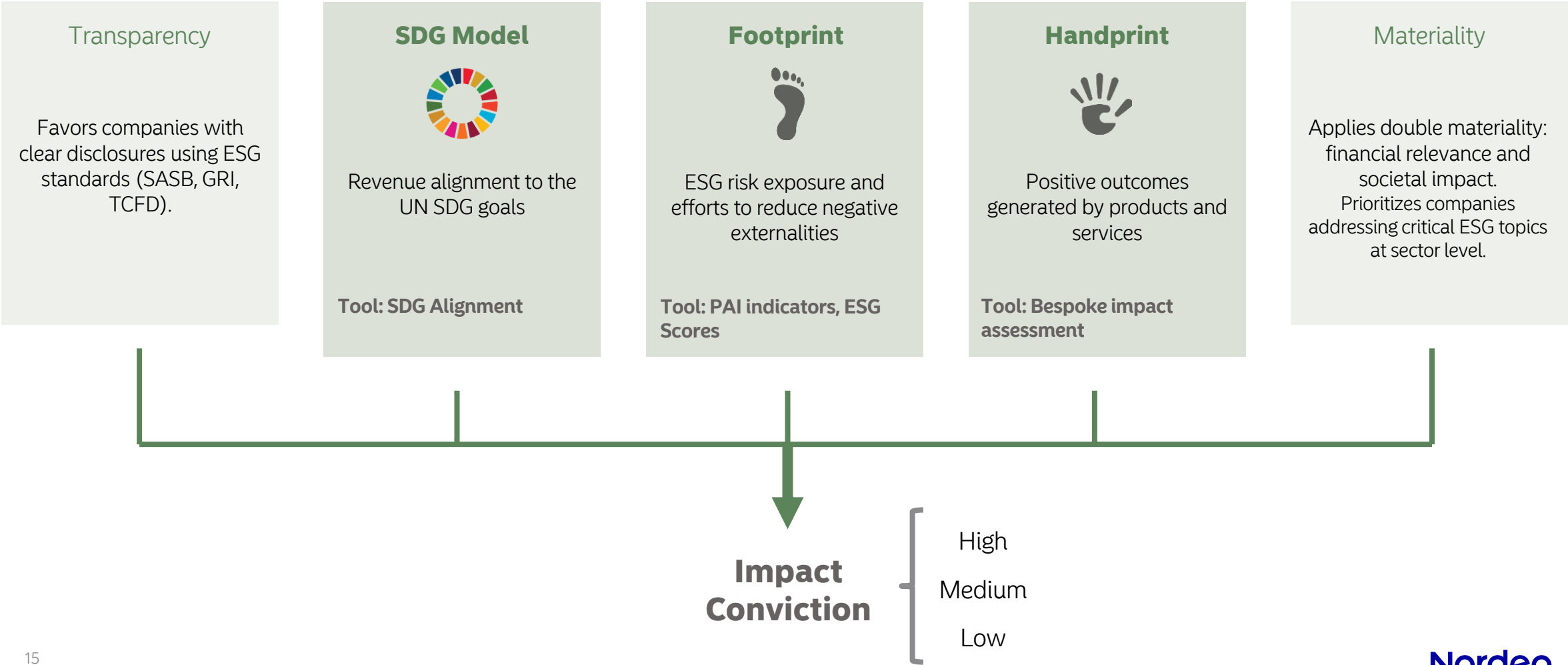
# Our Global Impact Strategy - Theory of Change

Supporting the economic growth within the social and planetary boundaries



# Our Proprietary Impact Framework

Supporting the economic growth within the social and planetary boundaries





# Your Impact toolkit

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# Supporting sustainable food production and consumption




Why Sprouts?	Key player in the niche segment of healthy and sustainable food
10%	<b>Estimated store growth 2024<sup>1</sup></b> Expected increase in revenue driven by new stores opening
70%	<b>Attribute-based products<sup>2</sup></b> High quality and healthy products usually unavailable elsewhere
70m	<b>Pounds of food recovered<sup>2</sup></b> Preventing food waste is a priority to Sprouts
13.2%	<b>Return on invested capital (average last 5Y)<sup>2</sup></b> Expected to go up with planned store roll out

Source: Nordea Investment Management AB, Sprouts Farmers Market. 1) Sprouts Farmers Market Investor deck, July 2024. Expected to open approx. 35 new stores in 2024 2) Sprouts Farmers Market Investor deck, July 2024. Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration. There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money.

Company description

Sprouts Farmers Market is an organic and natural foods grocery retailer, with more than 400 stores across 24 states in the US. The company operates as a combination of natural foods stores, farmers markets, smaller specialty markets, convenience stores, independent grocers and conventional chain supermarkets.

KPI	<b>KPI: waste reduced</b> Proxy: Volume of food recovered = 70M pounds	
SDG		<b>SDG 12.3</b> Halve per capita global food waste at the retail and consumer levels and to reduce food loss across supply chains by 2030.
Challenge	Annually <b>USD 1tn+ worth of food is thrown away. Food waste generates ~8-10% of global GHG emissions and takes ~30% of the world’s agricultural land.</b> While food is being thrown away at scale, up to 783m people are affected by hunger <sup>1</sup>	
Solution	Reducing food waste would help save money for farmers, companies, and households, make more food available to those in need and reduce pressure on climate, water, and land resources.	

Source: Nordea Investment Management AB. Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration. No representation is being made that such security will continue to be held or if it was or will be profitable. 1) UNEP Global Food Waste Index Report, 2024.

Handprint



Supports a more sustainable food production system with 27% of sales from organic products and 19% from fruits and vegetables (access to nutrition).

Footprint



Sprouts Farmers Market is committed to become a “Zero Waste” company by 2030.

Connection to financial return

- Benefits from the adoption of responsible sourcing practices (**broadening supply**) and making fresh, natural and organic food products accessible (**brand differentiator**)
- Sprouts Farmers Market has strengthened inventory forecasting, ERP implementation and distribution centers optimization to **reduce shrink, addressing food waste**. Supportive to **gross margin expansion**.

# Supporting affordable and sustainable housing



Strong Communities  
Economic Inclusion

Why  
Champion Homes?

Key player in bridging the housing affordability gap with modular and manufactured homes

- 25,910

Units Homes sold in FY2023

Delivering affordable housing at scale through factory-built solutions
- 50%

Lower cost compared to site-built homes

Modular construction enables efficiency, speed, and affordability
- 70

Years experience as one of the largest US homebuilders

~20% HUD-code market share; trusted provider with resilience track record


Source: Nordea Investment Management AB, Sprouts Farmers Market. 1) Sprouts Farmers Market Investor deck, July 2024. Expected to open approx. 35 new stores in 2024 2) Sprouts Farmers Market Investor deck, July 2024. Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration. There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money.





Company description

Champion Homes builds a wide variety of factory-built single-family and multi-family homes. They deploy modular construction practices which present a promising approach to address the housing affordability crisis by bringing manufacturing efficiencies to the construction sector. Unlike traditional site-built construction, modular building involves fabricating entire building components in controlled factory environments before transporting them to construction sites for final assembly.

KPI	<b>KPI: Number of Housing Units Constructed</b> 25,910 units sold in FY23	
SDG		<b>SDG 11.1</b> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Challenge	Affordable housing shortages persist in the US. Housing costs have outpaced income growth in recent years. As of 2021, nearly 22 million American households faced housing cost burdens, an increase from 2019 levels <sup>1</sup>	
Solution	Increase affordable housing supply through factory-built homes, which are typically more cost-effective than traditional site-built houses, potentially alleviating housing affordability issues.	

Source: Nordea Investment Management AB. Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration. No representation is being made that such security will continue to be held or if it was or will be profitable. 1) <https://www.statista.com/topics/5081/affordable-housing-in-the-us/>

Handprint



One of the largest homebuilders in North America with a market share of HUD code homes of ~ 20% and 70 years of experience.

Footprint



The company performs in line with peers on most material indicators.

Connection to financial return

- Economic conditions and housing shortages boost demand for manufactured housing, intensifying investor competition in growing Southern states. The geographic presence positions it to leverage this trend.
- Champion benefits from market growth, boosting revenue while helping meet affordable housing demand.



# Our Impact Report

### Capturing positive change

Our investments are delivering social and environmental outcomes

486.4 million MT CO<sub>2</sub>-eq

GHG avoided emissions

Equivalent to annual emissions of 128 coal-fired plants in one year!

46 million people

with obesity or diabetes served




17.4 million MT

of materials recycled

76.8 million


58.9 million

7.9 million

Economic Inclusion						
Company	Description	SDG target	SDG-aligned revenue	Impact Metric (IRIS+ or HIPSQ Metric Used)	KPIs	Impact Conviction
 Bank Rakyat Indonesia	Bank Rakyat is one of the largest bank in Indonesia. It is focused on Micro, Small and Medium Enterprises (MSMEs) and micro-finance, borrowing from and lending to its approximately 30 million of retail clients, through their branches, units and rural service posts.	9, 3	50%~60%	PI9713, PI4940 – Client Organizations: Microenterprises, SME	51.66 M lending customers <sup>5</sup>	High
 Central Japan Railway Co	Japan-Central Railway is the second largest rail operator in Japan with 5 major train lines. In particular, the Shinkansen high-speed trains connects the 3 biggest metropolitan areas of the country, thereby giving people access to increased employment opportunities.	11.2	80%~90%	TR-01 – Number of passengers using the transport infrastructure	158 M Shinkansen passengers carried	High
 GitLab	GitLab simplifies software development through its integrated DevSecOps platform, enabling organizations of all sizes to build secure applications efficiently while addressing the digital divide and embedding security early in the development process.	16.6	10%~20%	PI9652 – Client Organizations: Total	9,519 base customers	High

### Strong Communities | *Champion Homes*

21



Revenue: 2.48 billion USD | Number of employees : 9,000

#### Primary SDG

 **SDG 11.1** By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

#### Handprint

One of the largest homebuilders in North America with a market share of HUD code homes of ~ 20% and 70 years of experience.

#### SDG Aligned Revenue

30%~40%

#### Impact Metric

KPI: Number of Housing Units Constructed

### Targeted SDGs

Investor  
Tailored e  
risks as th  
homeown



**1 NO POVERTY**

End poverty in all its forms everywhere



**3 GOOD HEALTH AND WELL-BEING**

Ensure healthy lives and promote wellbeing for all at all ages



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

Build resilient infrastructure, promote sustainable industrialization and foster innovation



**11 SUSTAINABLE CITIES AND COMMUNITIES**

Make human settlements inclusive, safe, resilient, and sustainable



**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**

Promote peaceful inclusive societies for sustainable development

### Current Thematic Exposure

36%

Economic Inclusion  
18%

Address through e.g.:


- Education & training
- Financial Inclusion
- Affordable Housing
- Sustainable Mobility

Life Expectancy  
18%

Address through e.g.:

- Access to health care
- Safety & Security
- Financial Protection
- Healthy Living

## Key Takeaways

-  Listed equities matter  Large share of impact capital, scalable solutions
-  Dual objective  Financial returns + measurable impact
-  Frameworks = credibility  OPIM, GIIN, IMP ensure discipline & transparency
-  Impact is measurable  Theory of Change links inputs → outcomes → impacts
-  Investor role is critical  Capital allocation & active ownership drive change
-  Reporting builds trust  Clear reports + independent verification = accountability

**Thank you!**  
Any questions?

# Appendix





# COMPANY PROFILE

Impact Flag : Pass



## Livable Planet – Natural Resources

### KPI: Waste Reduced

Proxy: 34,879 tons of food waste recovered



SDG 2.4 Ensure sustainable food production systems and implement resilient agricultural practices that help maintain ecosystems.

Challenge	According to ReFED, ~33% of food grown in the U.S. is wasted, while 10,5% of the US households already experiences food insecurity (2020) <sup>1</sup> . Part of the scarcity can be explained by a limited supply: organic acreage represented less than 1% of U.S. farmland in 2021 <sup>2</sup> .
Solution	Reducing food waste would help save money for farmers, companies, and households, make more food available to those in need and reduce pressure on climate, water, and land resources.
Dimensions of Impact	<p><b>What</b> Sprouts Farmers Market (SFM) strengthens local food systems by adopting responsible sourcing practices and making fresh, natural and organic food products accessible to everyone through network of neighborhood grocery stores.</p> <p><b>Who</b> 170 local and regional farmers (from which it sources produces sold for \$225M in stores) and grocery shoppers across 23 states nationwide.</p> <p><b>How much</b> 400+ stores + 7 distribution centers. USD3.3bn sales of products with a E/S attribute and USD1.3bn of sales delivering on health, innovation and sustainability.</p> <p><b>Contribution</b> Reducing food waste by recovering 70M pounds of food, expanding access to nutritious food (+30 new stores in 2023) and strengthening food production systems (41% of total produce sold was organic and 27% of total sales)</p> <p><b>Risk</b> Objective to become a leading provider in attribute health-driven categories and aims to gain market share in these differentiated categories, its assortment could change over time depending on customer's shifting interest.</p>

## Enterprise contribution

Level of Action Operations

Footprint SFM is committed to become a “Zero Waste” company by 2030.

Handprint Supports a more sustainable food production system with 27% of sales from organic products and 19% from fruits and vegetables (access to nutrition).

## Investor contribution

Engagement on decarbonization (Scope 3 reduction strategy to create accountability regarding the commitment to reduce environmental footprint) and reporting.

## Connection to financial return

- Benefits from the adoption of responsible sourcing practices (broadening supply) and making fresh, natural and organic food products more accessible (brand differentiator).
- SFM has strengthened inventory forecasting, ERP implementation and distribution centers optimization to reduce shrink, addressing food waste. Supportive to gross margin expansion.

# COMPANY PROFILE

Impact Flag : Pass



## Strong Communities – Economic Inclusion

**KPI: Number of Housing Units Constructed**  
25,910 units sold in FY23



SDG 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Challenge	Affordable housing shortages persist in the US. Housing costs have outpaced income growth in recent years. As of 2021, nearly 22 million American households faced housing cost burdens, an increase from 2019 levels <sup>1</sup> .
Solution	Increase affordable housing supply through factory-built homes, which are typically more cost-effective than traditional site-built houses, potentially alleviating housing affordability issues.
Dimensions of Impact	<p><b>What</b> Sales of factory-built homes, both manufactured homes and modular homes, which are faster to market (factory-built approach can cut build time by up to 50%) and come at more affordable prices.</p> <p><b>Who</b> Customers in North America (United States and Canada). The strongest demographic groups are young single persons, married couples, first time home buyers, and homebuyers ages 55 and older.</p> <p><b>How much</b> In 2023, Skyline has delivered 24,736 homes in the US and 1,174 homes in Canada. Since 1951, the company has sold 3 million homes in the US and Canada.</p> <p><b>Contribution</b> Skyline's homes cost in average 50% less per square foot than conventional site-built homes.</p> <p><b>Risk</b> Factory-built housing is often seen as a solution to affordable housing shortages. However, homebuilders are increasingly favoring larger, more expensive homes over entry-level options.</p>

Reference to companies or other investments mentioned should not be construed as a recommendation to the investor to buy or sell the same but is included for the purpose of illustration. No representation is being made that such security will continue to be held or if it was or will be profitable. 1) <https://www.statista.com/topics/5081/affordable-housing-in-the-us/>

## Enterprise contribution

**Level of Action** Products & Services

**Footprint** No leading practices identified.

**Handprint** One of the largest homebuilders in North America with a market share of HUD code homes of ~ 20% and 70 years of experience.

## Investor contribution

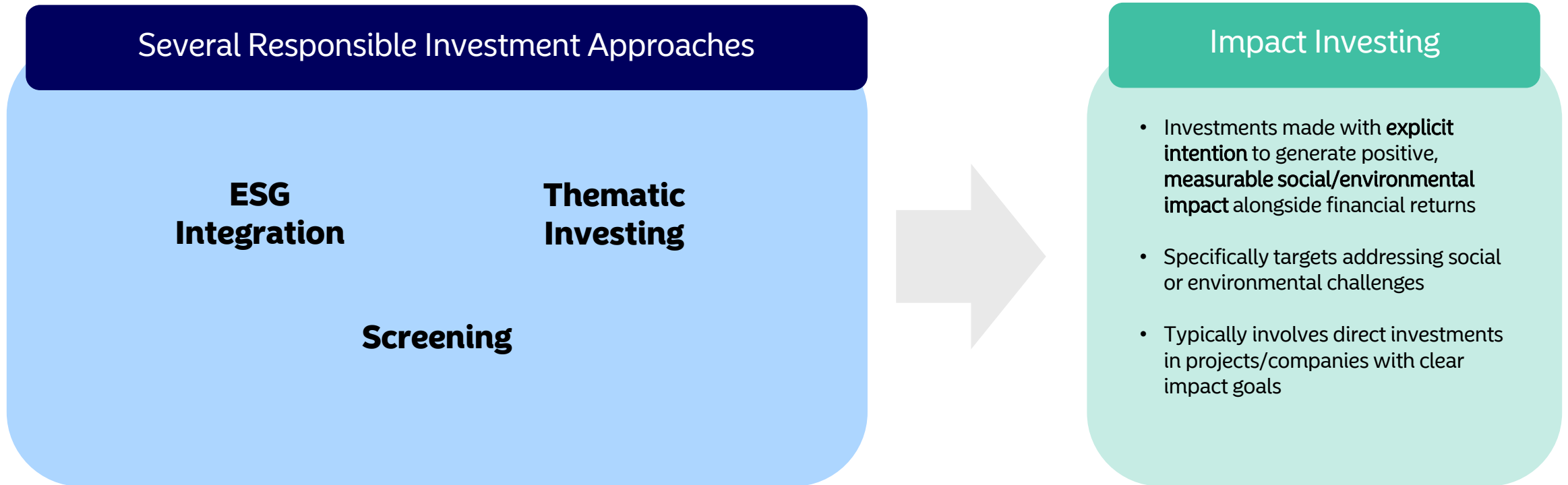
Champion is a US mid cap stock with low market coverage, an undiscovered story which is under-owned in Art. 9 funds (4 in total, including 2 at NAM as of 07/2024).

## Connection to financial return

- Economic conditions and housing shortages boost demand for manufactured housing, intensifying investor competition in growing Southern states. The geographic presence positions it to leverage this trend.
- Champion benefits from market growth, boosting revenue while helping meet affordable housing demand.

# What is Impact Investing?

Different levels of ESG Consideration: Integration, Sustainable, and Impact Investing



# What are the principles of Impact Investment?

Intentionality, Additionality & Measurement

## Challenges

We identify major **global risks and challenges** (outlined by the UN SDGs) to sustainable development.

We focus on those that for-profit business models can solve more sustainably and at scale by (i.e., **market-based approach**).

## Solutions

We invest in companies solving those challenges through their **products and services** and the **conduct of their operations**. We assess them based on:

- Handprint
- Footprint
- SDG Model

## Impact

**Capital allocation** to organizations delivering **progress on our impact objectives** (captured in 3 themes).

Investor impact through **engagement**, with the ambition to reduce negative effects on society or the environment.

Intentionality

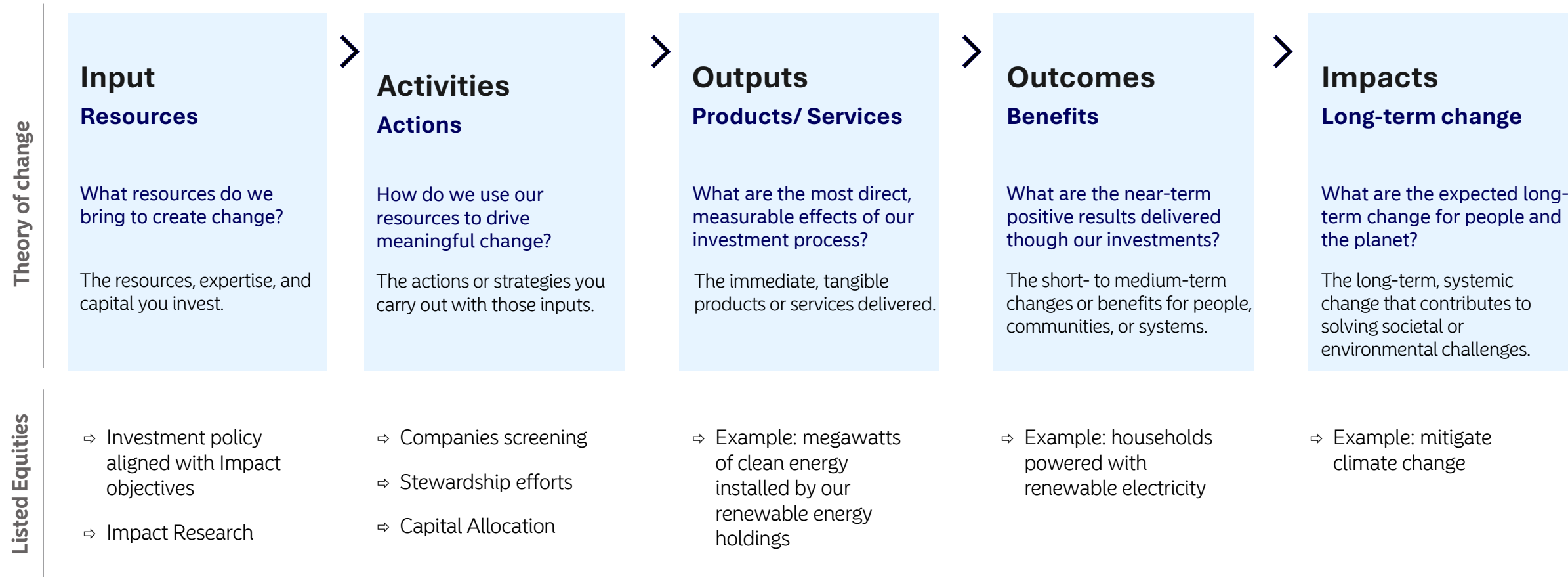
Measurement

Additionality



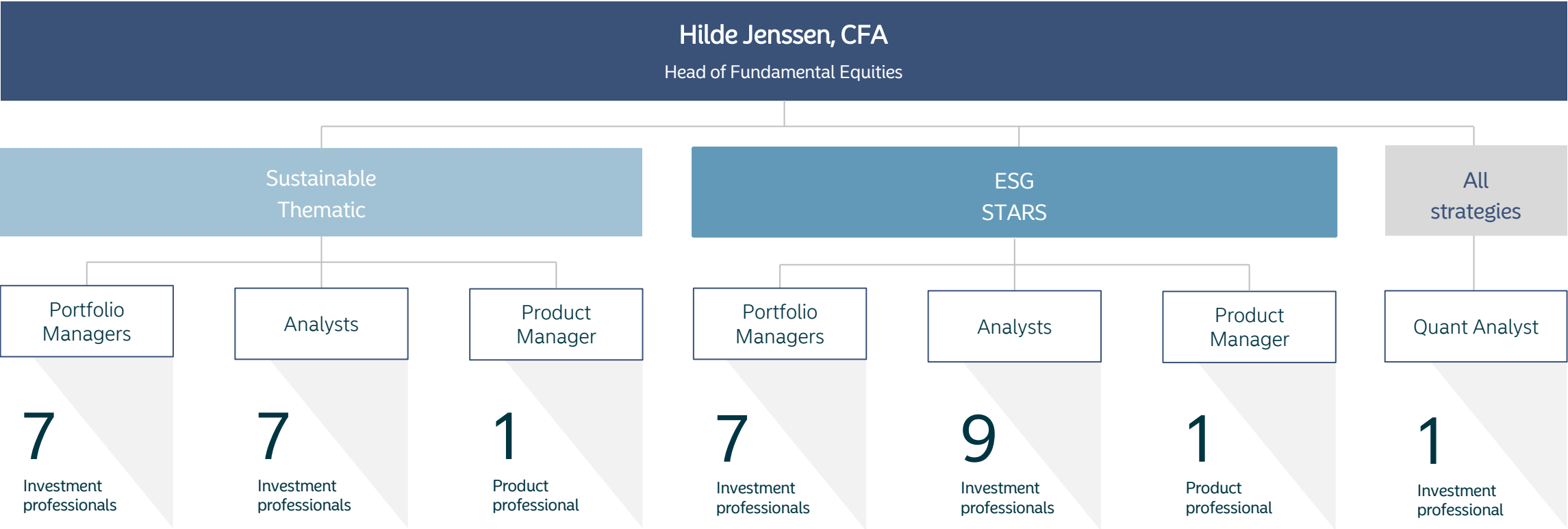
# Theory of Change

Roadmap that explains how and why a desired change is expected to happen, linking activities to outcomes and long-term impact.



# Fundamental Equities Team


Numbers and team set up



30 Source: Nordea Investment Management AB, as of June 2025. 1) Data as of 31.03.2025. 2) Data as of: 31.03.2025, refers to FTEs.


# Sustainable Thematic Team

Leveraging the FET & RIT’s expertise and common research platform




Thomas Sørensen

Portfolio Manager  
Team Head  
27y of exp.




Henning Padberg

Portfolio Manager  
Team Head  
16y of exp.




Alexandra Christiansen, CFA

Portfolio Manager  
17y of exp.




Thomas Skovbjerg, CFA

Portfolio Manager  
26y of exp.




Olutayo Osunkunle, CFA

Portfolio Manager  
19y of exp.




Kasper From Larsen

Portfolio Manager  
19y of exp.




Samuli Outinen

Portfolio Manager  
18y of exp.




Neil Sun

Equity Analyst  
13y of exp.




Niklas Landin Olsen

Equity Analyst  
9y of exp.




Casper Brül Petersen

Equity Analyst  
8y of exp.




Tiphaine Dureau, CFA

Equity Analyst  
9y of exp.




Ruben Dalfovo

Equity Analyst  
5y of exp.




Michaela Zhirova

Analyst  
Engagement  
13y of exp.



Solène Eveillard

Impact Analyst  
4y of exp.



Toby Harwood-Smith

Senior Investment  
Specialist  
18y of exp.

Source: Nordea Investment Management AB. Data as of June 2025.

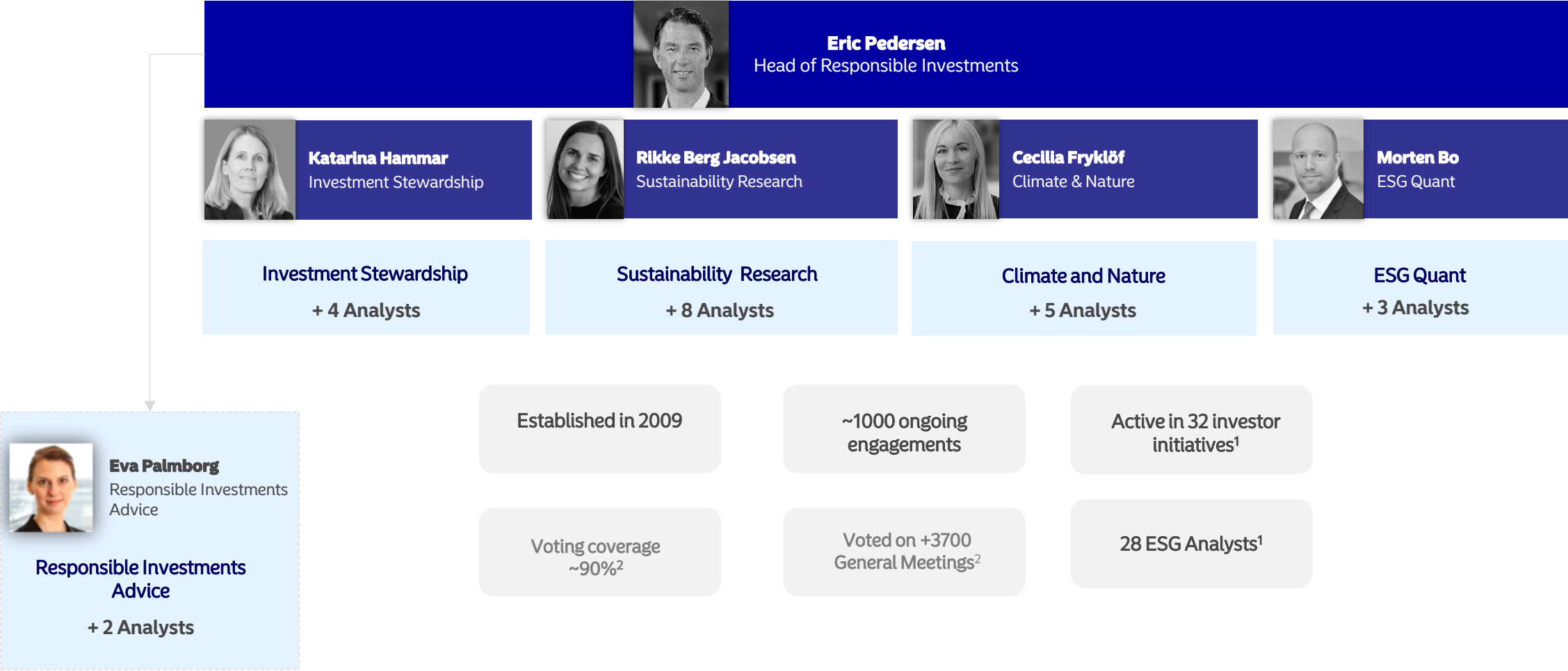
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Confidential

Nordea

# NAM Responsible Investments Team

Supporting the whole NAM as well as specific products



Source: Nordea Investment Management AB. <https://cfi.co/awards/finance/asset-management/2023/nordea-asset-management-ab-best-esg-team-europe-2023/> 1) As of 08.10.2024 2) As of 30.12.2023



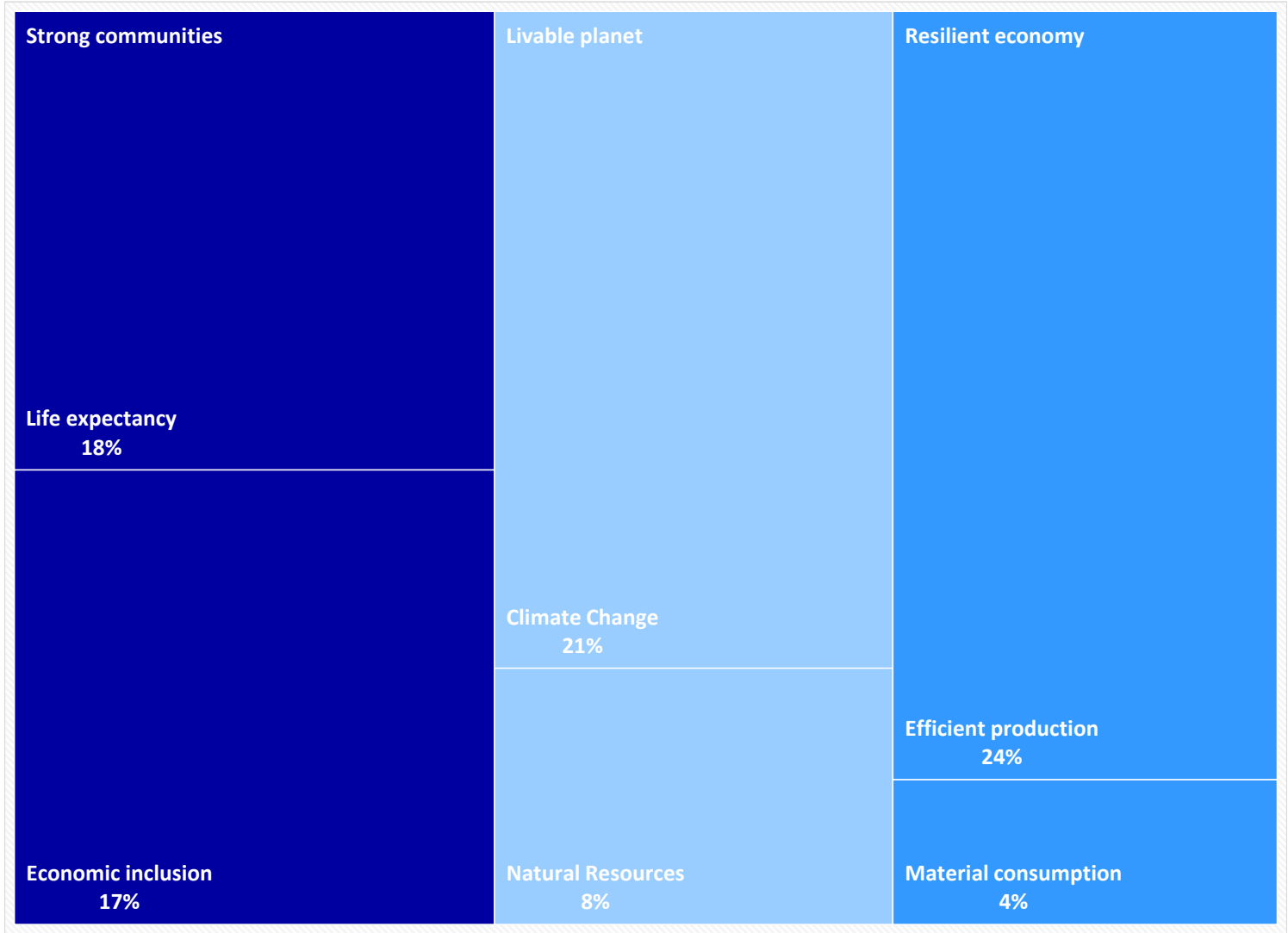
# Portfolio Characteristics | Nordea Global Impact Strategy

We approach impact investing with the dual aim to generate both financial profits and measurable positive social and environmental outcomes.

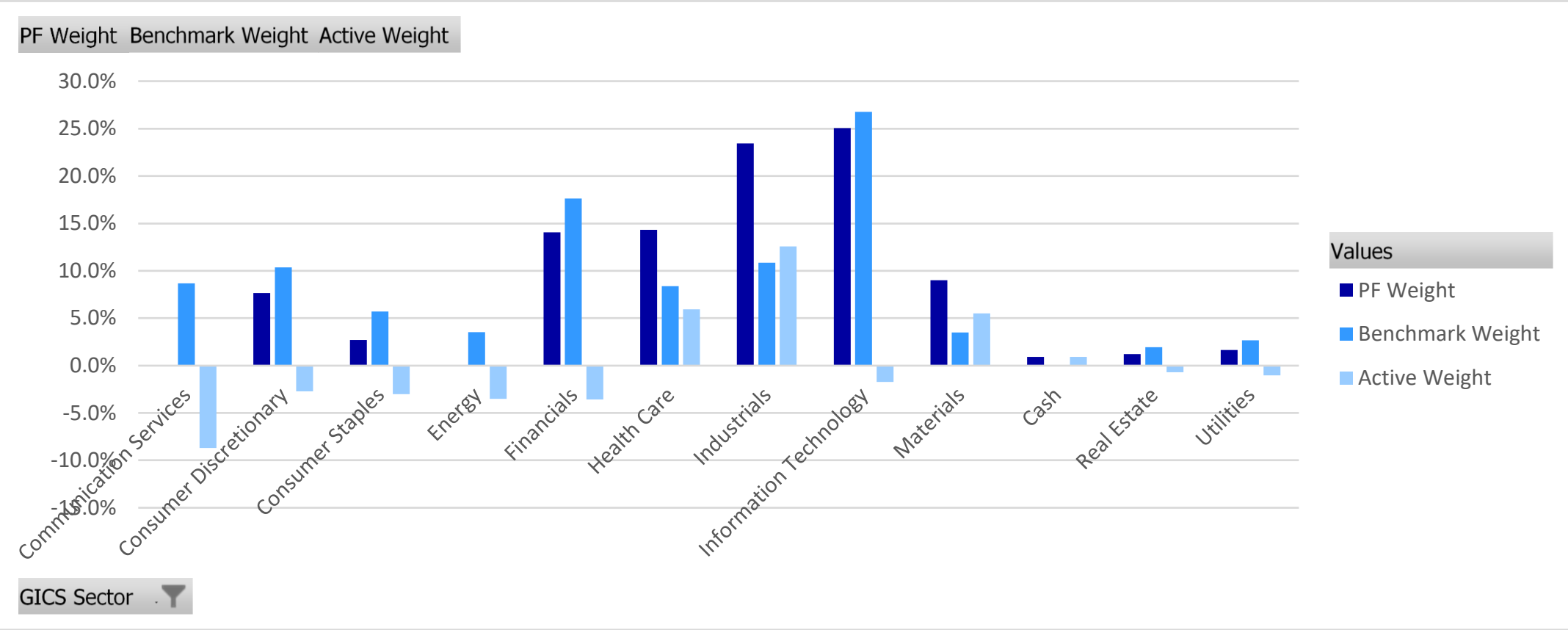
Investment universe	Global listed equities of companies contributing to our impact objectives through their products / services and the conduct of their operations.
Reference Index	MSCI ACWI Index
Objective	Dual objective of measurable positive outcomes and outperformance versus reference index over a full investment cycle <sup>1</sup>
Investment process	Fundamental bottom-up stock picking approach from Impact universe with integration of ESG and company engagement
Number of stocks	40 to 60
Bias	GARP and mid cap
Style	Bottom up and cash flow driven

Source: Nordea Investment Management AB. 1) There can be no warranty that an investment objective, targeted returns and results of an investment structure is achieved. The value of your investment can go up and down, and you could lose some or all of your invested money.

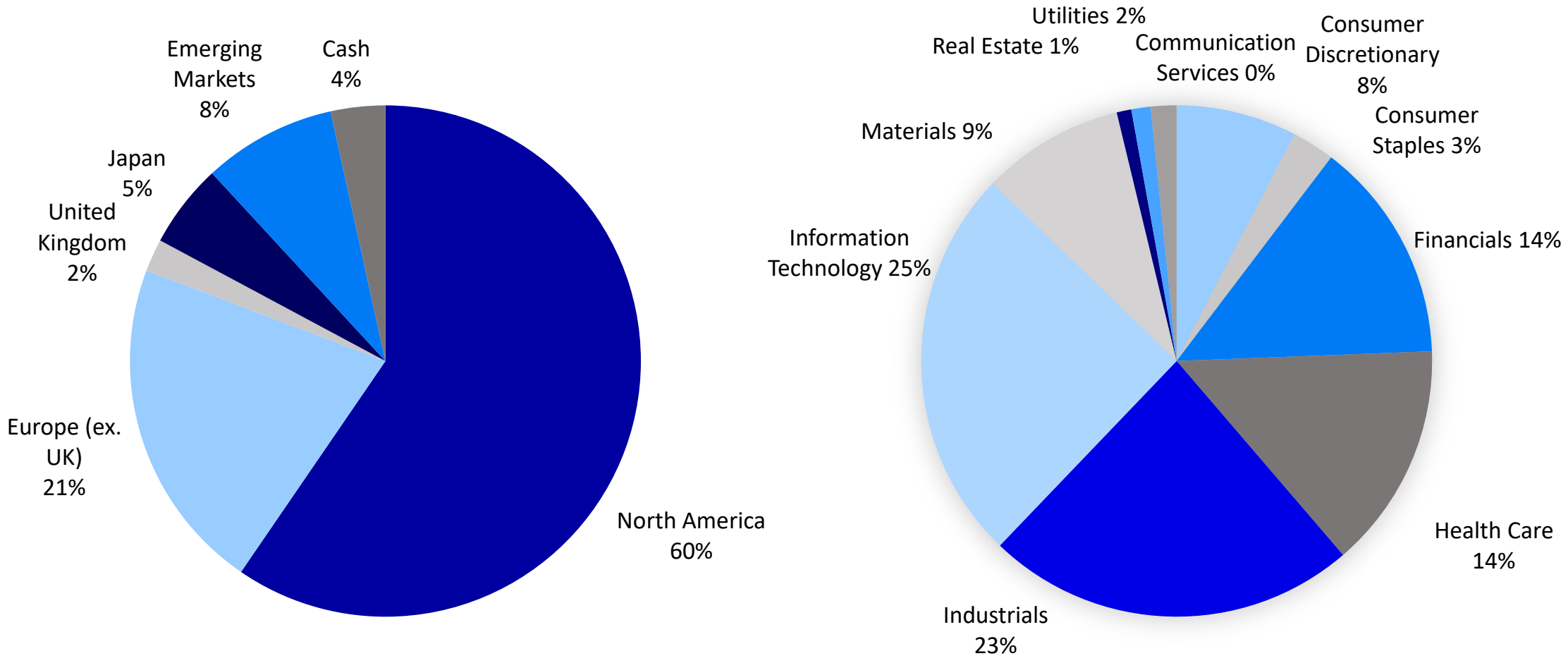
# PORTFOLIO THEMATIC DISTRIBUTION



# SECTOR EXPOSURE vs BENCHMARK

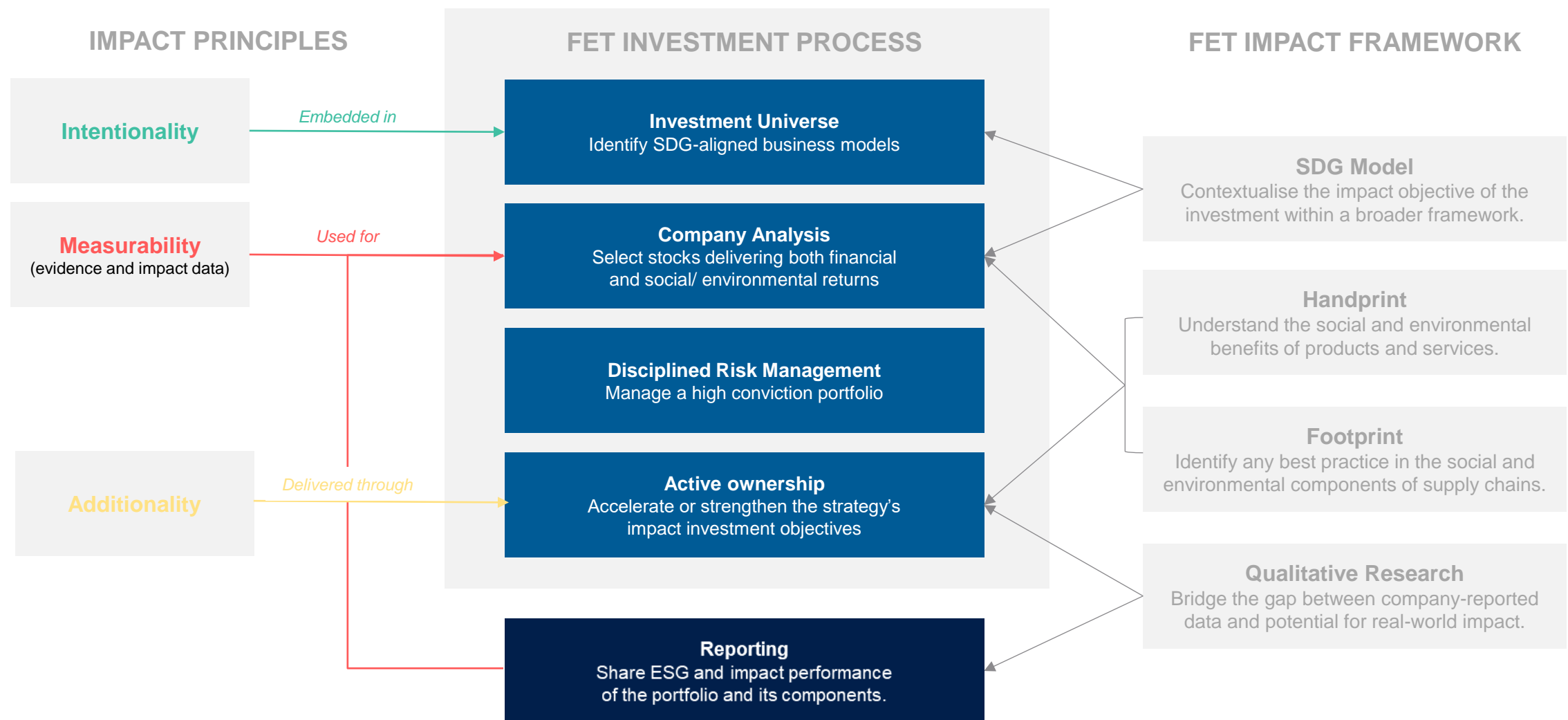


# GEOGRAPHY AND SECTOR EXPOSURE





# INTEGRATING IMPACT INVESTING PRINCIPLES : PROCESS



# Theory of Change

In a nutshell

1

## Identifying problems

Clearly define the **problems** being addressed, including key affected stakeholders and root causes or structural barriers to the challenges.

2

## Investor contributions

Articulate the **contributions** the investor will make, along with evidence supporting the strategy interventions.

3

## Make a roadmap

Map how the investment activities (**inputs, activities**) will drive short-term, intermediate and long-term changes (**outputs, outcomes, impact**).

4

## Holistic view

Identify **assumptions, contexts and risks** that may affect the path to impact.



# Your Impact toolkit

- 1 Understanding Impact Investing**  
Global Standards
- 2 Making Impact in Public Markets**  
Listed equities space  
What kind of impact can we have as investors?  
Challenges and opportunities
- 3 Impact in practice**  
Our Global Impact solution  
Impact Framework
- 4 Measuring and Reporting Impact**  
Company Impact Cases  
Fund Impact Report

# Key Impact Frameworks & Standards



## Global Impact Investing Framework (GIIN)

- Provides industry guidance and definitions.
- GIIN outlines Core Characteristics of Impact Investing (e.g. intentionality, use of evidence and impact data, active impact management) to define best practices.
- GIIN's tools like **IRIS+** offer a catalogue of standardized impact metrics to facilitate measurement and reporting.



## Operating Principles for Impact Management

### Operating Principles for Impact Management (OPIM)

- Ensure discipline and accountability in impact investing
- OPIM consists of **nine principles** covering the full investment lifecycle: from setting intentional impact objectives, integrating impact in due diligence and monitoring, ensuring investor contribution, to transparent disclosure and independent verification .
- Public equity managers increasingly adopt OPIM to demonstrate credibility

## IMPACT MANAGEMENT PROJECT

### Impact Management Project (IMP)

- A widely adopted framework defining the **five dimensions of impact**: What, Who, How Much, Contribution, and Risk
- These dimensions help investors assess the nature and extent of an investment's impact (e.g. what outcome is occurring, for whom, how significant, the investor's contribution, and risks to impact).
- The IMP framework guides how to set targets and evaluate impact performance methodically.



# Our Impact Fund & Capabilities

We became a member of the **Global Impact Investing Network (GIIN)**, gaining access to valuable resources, networking opportunities with leading investors, and the ability to shape the impact investing industry.



Our Nordea 1 – Global Impact Fund was nominated as **Fund of the Year on Listed Equity** by the Environmental Finance Impact Awards 2024

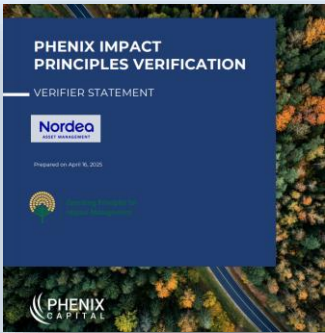


2024



**Operating Principles for Impact Management**

As signatories to the **Operating Principles for Impact Management (OPIM)**, we have integrated these nine industry-leading principles into our Global Impact Strategy.





# Impact Report

Toolkit – How to build a report?

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**Fund-Level Impact KPIs/ Figures**

2

**Theory of Change & Impact Framework**

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**Contribution / Additionality**

4

**Investee Companies' Impact Contributions**


5


**Independent Verification**


- ✓ Showcasing the aggregate impact metrics of the fund.
- ✓ Snapshot of the fund's overall social and environmental outcomes.



**Our investments are delivering social and environmental outcomes**

**486.4 million  
MT CO<sub>2</sub>-eq**  
  
GHD avoided  
emissions  
Equivalent to annual emissions  
of 128 coal-fired plants in one year<sup>1</sup>

**46 million  
people**  
  
with obesity or  
diabetes served

**17.4  
million MT**  
  
of materials  
recycled

**76.8 million**  
  
persons and  
personal  
properties protected

**58.9 million  
SMEs**  
  
served with financial  
and digital product and  
services

**7.8 thousand  
households**  
  
provided with  
access to  
electricity

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Independent Verification

- ✓ Logical model explaining how the fund's investments lead to positive outcomes
- ✓ Explain *why* and *how* the fund invests in certain companies to achieve its impact goals
- ✓ Helps all audience members understand the fund's impact thesis and focus areas



## Theory of Change

Inputs	<p>What resources do we bring to create change?</p> <p>Our Sustainable Thematic team has multiple years of experience in environmental and social investing and combines extensive financial analysis capabilities with dedicated resources for impact measurement, ESG engagement and transparent reporting.</p>
Activities	<p>How do we use our resources to drive meaningful change?</p> <p>We invest in listed companies offering solutions that address environmental and social challenges with scalable products while delivering competitive financial returns. Complementing this, we engage with portfolio components to safeguard and enhance their positive contribution as well to help them mitigate sustainability risks, thus improving the market perception and valuation.</p>

Themes	Strong Communities	Resilient Economy	Livable Planet
Outputs	<p>What are the most direct, measurable effects of our investment process?</p> <p>We invest in companies with meaningful revenue alignment to the following SDGs*:</p> <div><div>1391611</div><div>8912</div><div>2679</div></div>		
Outcomes	<p>What are the near-term positive results delivered through our investments?</p> <div><div>+ Number of patients served + Number of insurance policies + Number of SMEs supported</div><div>+ Product Lifecycle Management + Volume of waste avoided + Amount of energy use reduction</div><div>+ Amount of GHG emissions avoided + Volume of water savings + Green building practices</div></div>		
Impact	Achieve higher quality of life	Enable sustainable growth	Respect planetary boundaries

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## Impact Framework

### Transparency

We see the importance of organizations being as specific, e.g., at topic or sector level, as possible in their ESG metrics to collect the data and evidence required for impact investing. As the quality of corporate disclosure informs our portfolio construction and management, we tend to be more positive towards companies using key ESG reporting frameworks and standards (e.g., SASB, GRI, TCFD).

### SDG Model



We ensure that all holdings make a substantial sustainable contribution through their business model by ensuring a minimum proportion of their revenue is aligned to a unique SDG (activity-based).

We also look at the markets in which companies are operating to understand the nature and the size of underserved, often critical, needs and assess whether their products and services can reduce the gap.

**Toolbox:** Our proprietary sustainable investment module identifies the SDG where the company has the largest revenue exposure - and therefore potential to solve issues through its business model - and reports the percentage of sales generated from products and services that are contributing to achieve it.

### Footprint



Using a double-materiality approach, we assess whether the company has adopted the **most sustainable business practices** likely to create positive impact for all stakeholders. We look at material ESG indicators related to conduct of operations (e.g., carbon footprint) and actions taken to limit negative externalities.

**Toolbox:** Our proprietary Principal Adverse Impact (PAI) module helps identify outliers across specific indicators. Additionally, we utilize in-house ESG scores (categorized as A, B, or C) that incorporate SASB financial risk materiality mapping to develop comprehensive ESG scorecards evaluating both positive and negative company impacts.

### Handprint



We research the **sustainability profile of products and services** and look for indicators on the beneficiaries and the importance of the change experienced. We manually collect company-reported data related to **the nature and the scale of the outcomes** resulting from product application (or service delivery).

**Toolbox :** We structure our approach using frameworks such as the Five Dimensions of Impact from Impact Frontiers (What, Who, How Much, Contribution, Risk for selected products and services) and indicators from IRIS+ and HIPSO.

### Materiality

We invest in companies according to the triple factors of risk, return and impact with the belief that our holdings can incrementally increase their social and environmental impact as they grow. Therefore, we look for evidence of a positive correlation between the impact objectives and the business model's financial return. We include impact in our investment thesis for its importance not just in guiding stock selection but in navigating the entire investment lifecycle.

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Fund's role in contribution (also known as *additionality*) – what the fund is doing to add value beyond what would happen anyway

For listed equities:

- ✓ Engagement case stories
- ✓ Voting proxies

#### Study case | Fortis

##### Input

Fortis maintains a predominantly transmission-focused asset portfolio, with its limited coal generation capacity scheduled for decommissioning by 2032. While we view the company's decarbonization trajectory favorably, the absence of Science-Based Targets initiative (SBTi) validation<sup>4</sup> reduces our conviction level. Consequently, we seek enhanced climate risk management through an elevated level of transparency, including a comprehensive physical climate risk exposure analysis, and responding to the Carbon Disclosure Project (CDP).

##### Activities

We maintain consistent dialogue with Fortis through structured interactions with both executive leadership – including the CEO and regional chief executives – and an annual supervisory board meeting. Since 2022, we have participated in 9 meetings to discuss the company's decarbonization strategy, with particular focus on electrification initiatives and the transition of gas distribution assets.

##### Output

Fortis has demonstrated strong responsiveness to our engagement initiatives. As the SBTi framework is not widely accepted in North American utilities, we advise Fortis on its work under other frameworks such as the EPRI SMART targets to develop science-based targets. We plan to reiterate our expectation that Fortis has its current decarbonization objectives independently validated by SBTi team of technical experts as soon as a revised resources for setting 1.5°C-aligned targets in the power sector<sup>4</sup> will be published by the initiative.



##### Outcome

Following our recommendations, Fortis incorporated physical climate risk analysis with specific focus on wildfire exposure in its 2023 climate report. Additionally, Fortis is currently enhancing its lobbying reporting based on our feedback and, in a further notable engagement milestone, it is now formally reporting to CDP.

##### Impact

Proper climate physical risk disclosure is not merely a compliance exercise but a fundamental business practice that supports financial stability, strategic planning, and stakeholder trust in an increasingly climate-disrupted world. In addition, while correlation doesn't necessarily prove causation, research suggests that the transparency and accountability of CDP reporting does appear to accelerate decarbonization efforts. In 2024, Fortis has already achieved a 34% reduction in direct GHG emissions compared to their 2019 baseline.

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- ✓ Provide concrete examples of how individual portfolio companies are contributing to the fund's impact objectives.



#### Life Expectancy

Company	Description	SDG target	SDG-aligned revenue	Impact Metric (IRIS+ or HIPS0 Metric Used)	KPIs	Impact Conviction
 Novo Nordisk	Novo Nordisk's diabetes and obesity treatments reach millions globally, including vulnerable populations. Their GLP-1 medications reduce cardiovascular risks while improving quality of life for patients with metabolic conditions.	3.4	90%–100%	HE – 01 – Number of Patients Served	41.6 M patients with obesity/ diabetes reached	High
 Stryker Corp	Stryker's robotic surgical systems deliver improved patient outcomes through less invasive procedures and faster recovery times. Their Mako platform provides precise joint replacements while their sustainability program diverts medical waste from landfills.	3.4	80%–90%	HE – 01 – Number of Patients Served	150 million patients impacted (annually)	High
 Grifols SA	Grifols is a global healthcare company and a leader in essential plasma-derived medicines and transfusion medicine. It develops, produces and provides innovative healthcare services and solutions in more than 110 countries.	3.4	90%–100%	HE – 01 – Number of Patients Served	> 800k patients treated with plasma-based therapies	High



Climate Champion



DEI Champion



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Strong Communities | *Champion Homes* 20



**Challenge:**  
Since 2000, housing demand in the United States has grown more than housing supply. The United States faces a severe housing affordability crisis that disproportionately impacts low- and middle-income families. Over the past two decades, housing costs have surged by 130%, dramatically outpacing both inflation and wage growth, particularly for the bottom 60% of households whose incomes have remained virtually stagnant. The consequences are widespread: nearly half of all renters are cost-burdened, spending over 30% of their income on housing, with the average lower-income household facing a substantial annual shortfall of over USD 29,000—a gap that undermines both basic economic security and opportunities for upward mobility<sup>11</sup>.

87%

of extreme low-income renters are cost-burdened (spending >30% of income on housing)<sup>10</sup>

40%

of Americans aged 25 to 34 are heads of their own household (50% in 1980)<sup>11</sup>


**Solution:**  
Modular housing can contribute to bridging the supply/demand gap.

*Champion Homes* builds a wide variety of factory-built single-family and multi-family homes. They deploy modular construction practices which present a promising approach to address the housing affordability crisis by bringing manufacturing efficiencies to the construction sector. Unlike traditional site-built construction, modular building involves fabricating entire building components in controlled factory environments before transporting them to construction sites for final assembly.

This approach offers several key advantages:


- **Cost efficiency:** Reduces construction costs through standardization, economies of scale and labour optimisation
- **Speed:** Shortens development timelines by up to 50% compared to traditional construction
- **Sustainability:** Optimizes material usage and reduces waste compared to traditional on-site construction

Strong Communities | *Champion Homes* 21



Revenue: 2.48 billion USD | Number of employees: 9,000

**Primary SDG**



SDG 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

**Handprint**

One of the largest homebuilders in North America with a market share of HUD code homes of ~20% and 70 years of experience.

**SDG Aligned Revenue**

30%–40%

**Impact Metric**

**KPI:** Number of Housing Units Constructed (PI2491 ; IRIS+)

**Value:** 25,910 units sold (2023)

**Investor Contribution**

Tailored engagement plan include physical climate risks as they increasingly manifest themselves in homeowners' insurance and affordability.

**Footprint**

**Nordea ESG Risk Score:** B–

The company performs in line with peers on most material indicators.

**Dimensions of impact**

What	Sales of factory-built homes, both manufactured homes and modular homes, which are faster to market (factory-built approach can cut build time by up to 50%) and come at more affordable prices.
Who	Customers in North America (United States and Canada). The strongest demographic groups are young single persons, married couples, first time home buyers, and homebuyers ages 55 and older.
How much	In 2023, Skyline has delivered 24,736 homes in the US and 1,174 homes in Canada. Since 1951, the company has sold 3 million homes in the US and Canada.
Contribution	Skyline's homes cost in average 50% less per square foot than conventional site-built homes. Most modular homes are also able to withstand climate-exacerbated disasters, such as hurricanes, floods, drought, and excessive heat.
Risk	While modular homes can offer a more affordable entry point into homeownership compared to traditional stick-built homes, they don't inherently enable wealth building in the same way as traditional real estate ownership.

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✓ To lend credibility and rigor, note any independent verification or third-party assessment of the fund's impact

For a fund to be aligned with the Operating Principles for Impact Management (OPIM), it must undergo a periodic independent verification of its impact management practice



Signatories must **publicly disclose** how they are aligned with OPIM



Independent verification at least **every three years**



Independent, qualified third parties conduct the verification



Public verification statement is done highlighting areas of strength and improvement

