

ESG Investing Awards 2022

Best ESG Investment Fund: Emerging Markets

Nordea 1 – Emerging STARS Equity fund



The Nordea 1 – Emerging STARS Equity Fund is a **true Global Emerging Markets (EM) equity portfolio**, both in terms of its objective and construction, and a **true ESG-investing solution**. The Emerging Markets Equities Team, part of Nordea’s successful Fundamental Equities Team, **leverages a proprietary ESG rating model developed 11 years ago**, continuously enhanced since then, based on the assumption that new global leading players will come from EM and that long-term trends such as technology, demographics, globalization or sustainability, will drive the cash flows of this “Next Generation” of leading EM companies.

Since its launch in 2011, the fund has been managed internally, working closely with our RI team which conducts detailed ESG research and engages with portfolio companies, in order to deliver a solution able to:

- **Outperform the benchmark:** actively managing a concentrated high conviction portfolio
- **Meet Nordea’s ESG standards:** systematically analysing each stock to ensure the fund invests only in businesses which meet our ESG standards. We invest in companies with leading ESG profile or alternatively with rising ESG potential, thus avoiding laggards
- **Active ownership:** proactively engaging with companies and encouraging them to improve on material ESG issues as well as exercising our voting rights

Engagement is a crucial component of the STARS concept. A recent engagement example was with **Antofagasta**, one of the largest copper producers in the world, based in Chile. Over the past few years, we have engaged with Antofagasta and as a result, we have seen the implementation of improvements and robust strategies across topics such as water management, mining safety and labour relations, positioning the company as a clear ESG leader in several areas. Antofagasta has also adopted the TCFD recommendations and set and exceeded short-term targets related to greenhouse gas emissions, renewable energy deployment and desalinated water ratio.