



NORDEA-FONDEN

✚ Putting values into action through ethics-driven investments

TYPE	Grantmaking foundation
MISSION	The foundation's mission is to support a good quality of life by means of health, exercise, nature and cultural initiatives that bring people together.
FOCUS AREAS	Local life, helping children and young people on their way, getting outdoors, encouraging participation (civic life)
BUDGET	Annual grantmaking budget: €120 M
ENDOWMENT	Size of endowment: €2.1 B

“We cannot as a foundation save the world. But it's very important for us to do something and to act on what we are saying.”

Lars Ingemann Nielsen, Executive Vice-President and Chief Financial Officer (Nordea-fonden)

1. Motivation

The Nordea-fonden board played a pivotal role in reshaping the investment strategy, starting with the formulation of the foundation's core values.

The establishment of ethical conduct as a fundamental value, crucial for public trust, guided the board's governance vision. Committing to these values, the board embraced a defined strategic direction which, ultimately, sparked a change in the endowment investment strategy starting in 2017. This transformation was driven by a steadfast dedication to their ethical guidelines, underscoring Nordea-fonden's commitment to responsible and principled financial management.



This case study is an excerpt from "[Feeling the Heat: How Foundations Can Use Their Investments to Curb Climate Change](#)", Philea 2024.

2. Approach

Starting in 2017, Nordea-fonden embarked on a comprehensive approach to reshape its investment strategy focusing on gradual diversification and the integration of environmental, social and governance (ESG) criteria. This transformative journey was driven by a commitment to align the foundation's investments, as well as its grantmaking and operations, with its core values, fostering ethical conduct as a cornerstone for public trust.

The foundation's learning process during this period culminated in a refined investment strategy outlined in 2019, marking a significant shift toward a strong ESG focus. Since then, Nordea-fonden has systematically integrated climate-aligned elements across its endowment, grantmaking and overall organisational operations. This holistic approach demonstrates the foundation's dedication to responsible investing as a means to enact positive change. Moreover, the foundation decided recently to make all their investment decisions publicly accessible.

Internally, Nordea-fonden has established a more collaborative way of working, resembling a partnership among the board, investment committee and administration. The daily operation is managed by an internal investment team of two, led by Lars Inge-mann Nielsen and with investment officer Martin Jes-sen Nielsen. This strategic alignment allows for clear strategic direction, in-depth analysis and innovative proposals. The internal investment team is crucial for implementing and managing the investment strategy, which includes seeking new investment types, monitoring ongoing engagements via their asset managers, and ensuring conformity with the foundation's guidelines. Collaborating closely with the communications team, they prioritise transparency and awareness, aiming to showcase how the foundation's investments align with its Ethical Guidelines.

A notable development in 2022 was the creation of a "living document", termed the "3 × 3 matrix", which sets out ESG criteria for the different components of the foundation's work on one axis and the foundation's investments, grantmaking and operations on the other. This matrix exemplifies the foundation's holistic approach, which includes documenting actions, disseminating information internally, making continual updates and incorporating staff input.

The major advances so far are in the investments: Approved in February 2023, the Nordea-fonden Ethical Guidelines now cover all investments made by the foundation and are based on the foundation's core values. They lay out the foundation's adherence to the ten principles of the UN Global Compact and the Sustainable Development Goals. Notably, they include a commitment to phase out fossil fuel investments by 2029, with exceptions for companies contributing positively to a low-emission society. The Ethical Guidelines prioritise principles over returns, allowing the foundation to reject any investments that do not align with its values. The foundation, working with external asset managers, emphasises compliance with these guidelines, committing to address any breaches collaboratively or divest if necessary.

“ Transparency is also part of this journey for us. We support good living, but we don't have one recipe for it, neither do we have one recipe for how to go about climate and sustainability investment. But we're all learning here, and we believe that if we share our learnings, together with each other and with other organisations, we can all become better. We try to lead the change and inspire others – just as we are inspired by others.”

Tine Wickers, Head of Communications and Knowledge Sharing (Nordea-fonden)



To uphold these guidelines, monitoring is paramount. External data providers conduct periodic screenings against the UN Global Compact principles and Ethical Guidelines. The due diligence process has evolved to focus more on ESG compliance, emphasising documentation of support for environmental, sustainability and governance aspects. Concretely, this means asking the asset managers to document how they support the different ESG-related aspects of the UN Sustainable Development Goals. The foundation can demonstrate clear evidence of progress because of this vigorous process. When Nordea-fonden started, about 10% of all companies showed a red flag (i.e. non-compliance), today the clean share of the screening is very close to 100%.

Nordea-fonden's commitment to climate change and ESG investments has guided the team towards Article 9 funds (see sidebar) as well as venture funds for early-stage start-ups, for example in the construction sector. This strategic shift reflects the foundation's evolving interests and its proactive approach to staying at the forefront of responsible investing trends.

In essence, Nordea-fonden's approach is a detailed and intricate framework that intertwines values, strategy and collaboration, underpinned by a commitment to responsible investing that extends beyond financial returns. This multifaceted approach demonstrates the foundation's dedication to fostering positive change, not only through its investments but also through active engagement, transparency and collaboration within the broader philanthropic and investment communities.

Navigating an evolving regulatory context: The Sustainable Finance Disclosures Regulation (SFDR)

This is an EU regulation that aims to improve transparency, reduce greenwashing practices and make it easier to compare financial products, as part of the EU's commitment to the implementation of the Paris Agreement and the 2030 Agenda. It sets out requirements regarding how financial market participants and financial advisors disclose information about integrating ESG factors into their investment decisions and advice.

The SFDR distinguishes between three types of financial products:

Article 6 investment

Financial product that does not promote environmental or social characteristics, nor has sustainable investment objectives.

Article 8 (or light green) investment

Financial product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practice.

Article 9 (or dark green) investment

Financial product that has sustainable investment objectives, in alignment with the EU's taxonomy for sustainable activities.¹

¹ European Parliament and European Council Regulation (2019). [Regulation 2019/2088 on sustainability-related disclosures in the financial services sector \(text with EEA relevance\)](#). European Commission. [EU Taxonomy Navigator](#).

3. Success and limiting factors

Success factors

Organisational support

The approach's success is attributed to unwavering support from the entire organisation, spanning from the board to staff members. This collective backing underscores a strategic decision to align values, mission, ethical engagement and guidelines across investments, grantmaking and operations.

Ethical Guidelines

Nordea-fonden's commitment to its Ethical Guidelines, rooted in the ten principles of the UN Global Compact and the Sustainable Development Goals (SDGs), is a foundational factor. The guidelines also demonstrate a clear alignment with the objectives of the Paris Climate Agreement.

Screening process

The diligent and consistent screening process for investments, coupled with regular dialogue with asset managers and benchmarking of responses, ensures the foundation's adherence to ethical and sustainable criteria.

Inspiration and networking

Drawing inspiration from other organisations and networks engaging in similar approaches – including the UN Global Compact, Philea and other Danish foundations – plays a crucial role in sustaining the momentum and driving the process forward.

Limiting factors

Changing landscape

The continually changing landscape, characterised by evolving meanings and shifting goals, poses challenges. Ambiguity, especially in defining sustainability, and recent changes in the ESG classification taxonomy for funds contribute to complexities in decision-making.

Data availability

Limited availability of data for ESG criteria, despite improvement, remains a challenge. Robust data is crucial, particularly for measuring alignment with the UN SDGs. Addressing this limitation is essential for informed decision-making.

Asset manager challenges

Asset managers face challenges in assessing criteria and data within a dynamic environment, impacting the comprehensive understanding of certain investments. Overcoming these challenges requires continuous adaptation to evolving standards and practices in responsible investing.

“ We have ethical guidelines which are not just words on a paper but something that's actually living and followed. If there is a breach, then we need to follow up on it.”

Martin Jessen Nielsen,
Investment Officer (Nordea-fonden)

4. Results

Nordea-fonden's investment portfolio is now nearly **100% compliant with ESG criteria.**

The foundation has also prioritised a **greater level of transparency** by sharing its commitments and framework for investing, as well as through stronger **internal collaboration**. This transparency has proven important for internal motivation as well as for reputation management.

The shift in investment priorities has sparked an interest within the foundation in **different types of investment vehicles** such as venture funds and mission-related investments.

Nordea-fonden is contributing to conversations on sustainable investments in Denmark and Europe. The foundation seeks to be part of large networks comprising fellow foundations, asset managers driven to perform, and professional organisations that **contribute to a growing knowledge base.**

5. Resources

[Nordea-fonden webpage on investment](#)

[United Nations Global Compact – The Ten Principles](#)