

Engagement Policy

Nordea Investment Funds S.A.

1. Background

Nordea Investment Funds S.A. (including its branches and subsidiaries, hereafter referred to as “NIFSA”) has adopted this Engagement Policy (the “Engagement Policy”). NIFSA forms part of the Nordea Group¹, a financial institution in the Nordic region.

The Engagement Policy provides the Funds’ stakeholders with an overview of how NIFSA intends to ensure compliance with Article 3g of the Shareholder Rights Directive II² and the corresponding rules in Luxembourg law (“SRD II”)³.

The principles set out herein shall be seen as overall corporate governance principles, relating *inter alia* to how NIFSA shall ensure that a monitoring with investee companies is set on relevant matters. They are to be applied in relation to all investment funds for which NIFSA is the appointed management company (the “Funds”).

Any reference to “We” throughout this document shall be construed as a reference to NIFSA and the Funds jointly.

NIFSA will publish on an annual basis a report with information on the implementation of the Engagement Policy, including information on voting behaviour, the most significant votes and the use of the services of proxy advisors⁴.

2. Further reference

This Engagement Policy should be read in conjunction with the Corporate Governance Principles of NIFSA⁵ to obtain a holistic overview of its approach. The Corporate Governance Principles guide the voting activities for the Funds.

3. Principles of the Engagement Policy

NIFSA shall ensure that a monitoring is set with the investee companies’ strategy, financial and non-financial performance and risk, capital structure, Environmental, Social and Governance (henceforth “ESG”) factors, board composition, remuneration practices and capital mandates, among other things. When needed, NIFSA shall ensure that a promotion is set for a better corporate governance structure, risk management, performance or disclosure standards with respect to a wide range of issues of these companies. We believe that shareholders may play a vital role in improving the performance of a company and that the promotion of sound corporate governance practices contributes to shareholder value.

¹ Means Nordea Bank Abp and any direct or indirect subsidiaries to Nordea Bank Abp

² Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

³ Article 1sexies of the Grand Ducal Law of 1 August 2019 amending the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in listed companies

⁴ SRD II annual report. Available in English on nordea.lu

⁵ Available in English on nordea.lu

The active ownership activities that may be undertaken on behalf of the Funds, include engaging with investee companies, proxy voting, attending annual general meetings, and the filing of shareholder resolutions.

PRINCIPLE 1: Capital structure

The investee companies shall actively work to attain a well-balanced capital structure.

PRINCIPLE 2: Social and environmental impact

It is expected that investee companies include relevant ESG risk factors in their long-term strategic business planning, as these can have a significant effect on the value of a company's assets over time, and its ability to generate long term impact.

Generally, the Funds' objective in relation to voting is to support proposals aiming to protect or enhance long-term shareholder value creation, to improve transparency on material ESG issues and to address material related risks that have emerged.

In actively managing the Fund's portfolio, the investment management team may select to invest in companies with a particular focus on their ability to comply with international standards for environmental, social and corporate governance, and to offer superior growth prospects and investment characteristics.

The potential adverse sustainability impact of our Funds' investments is monitored, using an internally developed monitoring system, and further evaluated as relevant. Engagement may be initiated with investee companies further to such evaluation.

PRINCIPLE 3: Corporate governance

Corporate governance is about the division of roles and responsibilities between the shareholders, the board of directors and the executive management of companies.

Within NIFSA, where all Funds are concerned, corporate governance shall be exercised on the basis of the shareholders' best interest.

NIFSA shall act in the best interest of the Funds and their shareholders, mitigating any risks of conflict of interest. NIFSA shall ensure to always:

- employ sound ownership policy in corporate governance issues;
- have a key role in promoting NIFSA's progress towards better results;
- be an active owner in order to contribute to the best possible return in the Funds considering the investment policies of the Funds, the risks and if applicable the specific criteria to be applied in the Funds;
- prevent or manage any conflicts of interest arising from the exercise of voting rights;
- recommend equal voting rights for all shares.

PRINCIPLE 4: Conduct dialogues with investee companies

A fundamental part of corporate governance is dialogue between NIFSA, the Funds and the companies invested in. This is done on a multitude of levels, including the portfolio managers' regular contact with the companies on the continuing progress, the Responsible Investment team on ESG related aspects, and the Corporate Governance team on governance related issues.

NIFSA shall ensure that there is a dialogue with investee companies, for example in order to influence the company to improve its ESG practices, to ensure long-term value creation in the company, to promote disclosure standards or any other identified area of concern. Dialogues are typically held with company officials and by participating in annual general meetings and other shareholder events.

PRINCIPLE 5: Exercise of voting rights

The Funds have an aggregated voting strategy, meaning that NIFSA strives to vote for as large part of the total holdings in any given company as possible. The vote is performed by proxy and by attending annual general meetings and external advisors are used. NIFSA shall ensure that a methodology is used when deciding which companies to vote in, primarily based on the value of the holding and the ownership level in the specific company. The voting activities are guided by the Corporate Governance Principles and can also be utilised as a means of escalating an engagement dialogue with a company. A full voting record, and historical record, can be found on the Nordea's Funds' Voting Portal.

PRINCIPLE 6: Exercise of other rights attached to shares and general principles

Except provided otherwise, the following principles shall be regarded as what NIFSA believes to be best practice. While, regulations differ between the markets the Funds invest in, pragmatism shall be a guiding principle in their corporate governance work.

Ownership rights. The exercise of ownership rights by all shareholders shall be facilitated, including giving shareholders reasonable notice of all matters with respect to which shareholders are required to or may take action in the exercise of voting rights.

Equality among owners. Boards shall treat all the companies' shareholders equitably and shall ensure that the rights of all investors, including minority and foreign shareholders, are protected.

Unequal voting. Companies' ordinary shares shall feature one vote for each share. Companies shall act to ensure the owners' rights to vote.

Access to the vote. The right and opportunity to vote at shareholders' meetings hinges in part on the adequacy of the voting system. Companies shall explore initiatives to expand voting options to include the secure use of telecommunication and other electronic channels.

Shareholder participation in governance. Shareholders shall have the right to participate in key corporate governance decisions, including the right to nominate, appoint and dismiss directors and the external auditor, and the right to approve major decisions.

Shareholders' right to convene a meeting of shareholders. Each company shall provide holders of a specific proportion of the outstanding shares of a company, no greater than ten percent (10%), with the right to convene a meeting of shareholders for the purpose of transacting the legitimate business of the company.

Shareholder questions. Shareholders shall be given the right to ask the board, management and external auditor questions at shareholder meetings.

Major decisions. Major changes to the core businesses of a company and other major changes in the company which may, in substance or effect, materially dilute the equity or erode the economic interests or share ownership rights of existing shareholders, including major acquisitions, disposals and closures of businesses, shall not be made without prior shareholder approval of the proposed change.

Disclosing voting results. Equal effect shall be given to votes whether cast in person or in absentia, and meeting procedures shall ensure that votes are properly counted and recorded. Companies shall make a timely announcement of the outcome of a vote.

PRINCIPLE 7: Cooperate with other shareholders

Cooperation with other owners is an important part of the possibility of exerting influence when necessary. This can be done through many different means, including working groups or ownership committees, as well as nomination committees in those markets in which this is the norm. We strive to enhance proper corporate governance practices by working with other institutions and joining working groups.

PRINCIPLE 8: Communicate with relevant stakeholders of the investee companies

Portfolio managers may monitor investment exposure in their investee companies through meetings with investor relations teams and/or management bodies of the respective investee company. Due to the scale and diversity of the investment strategies offered by the Funds, investment teams may employ different styles and strategies when communicating and engaging with investee companies.

4. Conflicts of interest

Because NIFSA, certain portfolio managers and sub-distributors are all part of the Nordea Group, they will at times find their obligations to the Funds to be in conflict with other professional obligations they have pledged to honour.

In such cases, NIFSA seeks to identify, manage and, where necessary, prohibit any action or transaction that could pose a conflict between the interests of, for example, NIFSA and the Funds' shareholders, or the Funds and other clients. NIFSA strives to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing.

The information contained in this document may change after the date of issuance of this document without notice.