

Engagement Policy

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1. Purpose

Nordea Investment Management AB (“NIM”) is a Swedish investment firm authorised to, inter alia, provide portfolio management services. NIM is part of the functional organisation Nordea Asset Management (“NAM”) which is the main provider of asset management services within the Nordea Group.

As part of NIM’s regulatory obligations¹ and its efforts to ensure effective and sustainable shareholder engagement, this Engagement Policy (the “Policy”) outlines the general principles for how shareholder engagement is integrated in NIM’s investment strategies and what different engagement activities NIM carries out on behalf of clients when investing in Listed Shares (as defined in section 5 below). It may be noted that other entities within the Nordea Group who are subject to similar obligations have adopted similar policies of their own.

This Policy is reviewed and updated on a regular basis and at least annually. A review is also conducted when required due to changes to the principles set out in this Policy and in the event of any regulatory changes likely to affect NIM, including its branches.

2. Scope

The general principles set out in this Policy are only applicable when NIM is providing its clients the investment service *portfolio management* and is investing in Listed Shares on behalf of its clients. However, as part of NIM’s obligation to act honestly, fairly and professionally in accordance with the best interest of its clients, NIM will to the extent possible apply these general principles to all portfolio management activities where NIM invests in shares on behalf of its clients, regardless of where the shares are admitted to trading and/or in what jurisdiction.

Further, given that NIM itself is not licensed to perform the investment service *dealing on own account* and that NIM is never the ultimate shareholder, the application of the general principles set out herein is also subject to:

- the individually negotiated investment guidelines as agreed between NIM and its clients; and
- any specific instruction provided by NIM’s client from time to time under the applicable agreement with the client.

Subject to the limitations set out above, all employees in NIM, including non-permanent staff and external consultants working on behalf of NIM, must comply with the general principles set out in this Policy to the extent possible when engaging in portfolio management on behalf of NIM’s clients.

¹See Chapter 8 Section 20 a-d and Chapter 9 Section 30 a) of the Swedish Securities Market Act (implementing Directive (EU) 2017/828 (the “SRD II”).

3. Engagement in NIM

3.1 Engagement activities

NIM undertakes a range of “engagement activities” on behalf of its clients in order to affect and influence investee companies to improve their corporate governance practices, as well as ensuring a more long-term approach in investee companies. In this context, “engagement activities” should be understood as including the following activities in relation to the investee companies, as applicable:

- Monitoring;
- Conducting dialogues;
- Cooperation with other shareholders; and
- Communication with other stakeholders.

When performing the above engagement activities, NIM follows the approach set out in NIM’s Responsible Investments Policy, including integration of ESG considerations into the investment analysis, decision-making processes and active ownership practises.

In addition, recognizing that proxy voting is an effective way of expressing views and influencing investee companies, another engagement activity of NIM is proxy voting as agreed with clients in the individually negotiated agreements.

3.1.1 General principles

For the purpose of areas where NIM typically deems it could affect and influence relevant investee companies to improve their corporate governance practices as well as ensuring a more long-term approach in investee companies, NIM has established six general principles. These general principles serve as a guiding framework for what NIM generally will aim at achieving by performing the above listed engagement activities on behalf of its clients.

1. Act in the long-term interest of shareholders

The investee company’s overarching goal should be to the create long-term shareholder value. The corporate governance framework of the investee company should be designed to achieve this goal. For example, the investee company’s framework should keep the board of directors, executive management and employees focused on this goal. Further, the board and executive management should set a clear strategy on how to achieve this goal by taking into consideration all relevant factors and stakeholders.

2. Safeguard the rights of all shareholders

All shareholders should be given the opportunity to exercise their voting rights in relation to important corporate changes. Investee companies should ensure that the rights of all shareholders are protected and ensure that shareholders are treated equally, importantly by respecting the one share, one vote principle. New share issuances should seek to minimize the dilution of existing shareholders. Anti-takeover measures should not be employed.

3. Ensure efficient and independent board structure

To allow for efficient oversight of executive management, the board of directors of the investee companies and its committees should include an appropriate number of independent directors. Board members should

have the necessary qualifications and involvement to fulfil of the board's mandate and improve the board's efficiency. Further, the board members should be selected to reflect the appropriate degree of diversity. Lastly, formal evaluation of the board, executive sessions and succession plans should be in place.

4. Align incentive structure of employees with the long-term interest of shareholders

The compensation structure of the investee company should be aligned with the long-term interest of shareholders whilst not restricting the company's ability to attract and retain talented employees. Compensation programs should be disclosed to shareholders clearly and in full.

5. Disclosure information to the public in a timely, accurate and adequate manner

Investee companies should ensure that disclosure on financial and operating results, ownership issues and performance on relevant ESG metrics are done in a timely, accurate and adequate manner. Financial statements should be audited on behalf of shareholders by independent external auditors on an annual basis. External auditors should not undertake overly extensive advisory roles at the company they audit.

6. Ensure social, environmental and ethical accountability

In the long-term interest of shareholders, investee companies are expected to be managed responsibly towards all stakeholders in such a way that relevant ethical and ESG standards are met. Companies should provide full disclosure on relevant metrics such as their labour standards, commitment to combating climate change and carbon emissions. To the extent possible, disclosures should be verifiable.

3.2 Integration of shareholder engagement in investment strategies

NIM believes integration of engagement activities into its investment strategies can contribute to achieving sustainable long-term returns and shareholder engagement on behalf of its clients. As part of NIM's shareholder engagement activities, NIM may inter alia assess the below matters pertaining to the actual or potential investee company:

- Business strategy;
- Environmental concerns;
- Social concerns;
- Corporate governance framework;
- Compliance and risk management framework; and
- Capital structure.

Matters such as the company's business strategy or capital structure are typically analysed as part of the research process pertaining to the individual investment strategy. This analysis is typically performed internally by NIM's research analysts, who may use external reports by third-party research providers (see also section 3.3) as one input in the research process. NIM may decide to abstain from investing in, or divesting in existing holdings, if NIM deems that the company does not have an adequate business strategy or capital structure in place.

Regarding ESG concerns, the degree of ESG integration may vary considerably across investment strategies and depends on a range of factors, e.g. the degree to which ESG data is available for the investee companies and client investment restrictions regarding sustainability.

3.3 Monitoring of investee companies

NIM conducts a number of activities to monitor investments in investee companies managed on behalf of its clients:

- Portfolio management;
- ESG screening; and
- Monitoring of NIM's exclusion list.

3.3.1 Portfolio management

As part of NIM's portfolio management activities, the matters set out in section 3.2 are monitored in various ways. For example, NIM's investment research team may look at actual or potential investee company announcements or reports (e.g. quarterly/annual reports) as an input in assessing the investee company's business strategy, corporate governance framework or capital structure. Moreover, other publications (for example newspapers, financial journals or academic publications) may serve as an input in shaping NIM's opinion on the company's corporate governance framework or environmental impact as well as best industry practice.

ESG matters are also monitored by NIM's investment team as part of the ongoing portfolio management activities.

3.3.2 ESG screening

NIM's Responsible Investments team regularly screens portfolios managed on behalf its clients to monitor investee companies on ESG matters to ensure ongoing compliance with NIM's Responsible Investment Policy. This includes ensuring compliance with international conventions and norms.

If a company is identified in the screening process, NIM will initiate an internal assessment process of the company and the incident and make a recommendation to the Responsible Investments Committee ("RIC"). The RIC is overall responsible for ensuring NIM's ESG processes, including approving NIM's Responsible Investments Policy, approving formal adoption of international norms and conventions and decide on the level of engagement or exclusion of investee companies that violate these.

NIM will typically not immediately exclude a company from its investment strategies, as NIM generally considers other actions more constructive. However, if the company is either unwilling to, or over time fails to improve, NIM will consider whether to *quarantine* or *exclude* the relevant company. If a company is *quarantined* NIM will make no further investments in the company on behalf of its clients, but NIM will continue to hold existing investments. If a company is *excluded* NIM will make no further investments and divest existing holdings on behalf of its clients.

NIM's exclusion list is publicly available at: <https://www.nordea.com/en/sustainability/sustainable-business/investments/exclusion-list/>.

NIM regularly performs due diligence on third-party ESG providers used for ESG screening.

3.3.3 Monitoring of NIM's exclusion list

NIM regularly monitors its exclusion list. Further, NIM's order management system ensures that portfolio managers cannot invest in companies on the exclusion list.

3.4 Dialogues with investee companies

NIM considers dialogues with investee companies essential, for example in order to influence the company to improve on its corporate governance practices, to ensure long-term value creation in the company, to promote disclosure standards or any other identified area of concern (please see the general principles set out in section 3.1).

Dialogues are typically held with company officials and by participating in annual general meetings and other shareholder events.

3.5 Proxy Voting

NIM's proxy voting arrangements are set out in [Appendix A](#).

3.6 Cooperation with other shareholders

In order to influence investee companies and promote better corporate governance, risk management, performance or disclosure standards (including but not limited to how investee companies report on financial metrics or their climate change commitments) and on ESG-related issues, NIM may cooperate with other shareholders. NIM selects the approach deemed to be in the best interest of its clients and when not in violation of any laws or internal policies. For example, NIM may cooperate with other shareholders when client holdings managed by NIM, when viewed on a stand-alone basis, is deemed insufficient to exert any influence within the area of concern.

Collaboration will normally be conducted via formal or informal meetings with other shareholders.

3.7 Communication with relevant stakeholders

NIM may communicate with relevant stakeholders in order to obtain further information and views that may serve as an input in NIM's ongoing engagement with investee companies. NIM selects the approach deemed to be in the best interest of its clients and when not in violation of any laws or internal policies. Relevant stakeholders include interest groups, public authorities and institutions, NGO's and think-tanks.

3.8 Conflict of interests

NIM is aware that potential or actual conflict of interests may arise as part of NIM's shareholder engagement activities. Consequently, NIM has policies in place for the purpose of taking all reasonable steps to prevent conflict of interests. Where such conflicts cannot be avoided, NIM will identify, manage and monitor the conflicts and, where appropriate, disclose it to clients to prevent them from adversely affect the interests of the clients.

4. Transparency

NIM will on an annual basis and no later than 10 of June each year, publicly disclose how this Policy has been implemented. Both this Policy and the implementation disclosure is available on Nordea's website at <https://www.nordea.com/en/our-services/asset-management/policies/>.

5. Definitions

Dealing on own account	means the investment service as defined under directive 2014/65/EU (MiFID II);
EEA	means the European Economic Area;
Listed Shares	means shares that have been issued by a company within the European Economic Area and is admitted to trading on a regulated market within the EEA;
NAM	means the functional organisation Nordea Asset Management which is the main provider of asset management services within the Nordea Group;
NIM	means Nordea Investment Management AB, including branches;
Nordea Group	means the Nordea group of which Nordea Bank Abp is the ultimate parent company;
Policy	means this engagement policy;
Portfolio Management	means the investment service as defined under directive 2014/65/EU (MiFID II);
Proxy Voting Committee	means the proxy voting committee established by the board of directors of NIM having the responsibilities set out in the <i>Charter for the Proxy Voting Committee</i> ;
Regulated Market	means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in the respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of Title III of MiFID II (Authorisation and operating conditions for investment firms);

**Responsible Investment
Policy**

means the responsible investment policy available at <https://www.nordea.com/en/our-services/asset-management/policies/>.

APPENDIX A – NIM Proxy Voting Policy

General on proxy voting arrangements

Recognizing that proxy voting is an effective way of expressing views and influencing investee companies, NIM provides proxy voting to clients who have authorized NIM to vote on their behalf as part of NIM's portfolio management services subject to individually negotiated agreements with the clients.

NIM's Corporate Governance Function is the one-point-of-entry on all proxy voting related issues in NIM, both in relation to clients and any third-party proxy voting provider / proxy advisor as applicable. This includes for example identifying conflicts of interest and executing the proxy voting on behalf of clients. In addition, it is the responsibility of the Corporate Governance Function to continuously review, monitor and improve internal processes related to proxy voting, ensuring compliance with relevant legislation and following best market practice in the best interest of NIM's clients as well as continuously evaluate and conduct annual due diligence on selected service provider relating to proxy voting. Such due diligence measures include for example, but is not limited to, highlighting and assessing relevant risks in relation to the service provider as further set out in NIM's internal rules, such as for example the third-party risk management framework and NIM's outsourcing rules.

To the extent NIM has agreed to provide proxy voting on behalf of a client, NIM will make a voting decision based on the client's own voting principles as provided to NIM. If deemed appropriate or necessary to interpret the client's voting principles or in case where the client's voting principles are silent on a specific matter, NIM will utilise proxy advice provided by a third-party proxy adviser. If any conflicts of interest are identified, the procedure set out below will apply. The actual voting is eventually executed by either NIM or an external service provider.

The third-party proxy advisor will, as applicable, be responsible for providing voting research, voting recommendations, facilitation of delivery of voting decisions to the investee companies, record-keeping and reporting services. NIM has appointed Institutional Shareholder Services Inc. ("**ISS**") as provider of proxy advice and will rely on ISS's Sustainability Proxy Voting Guidelines as applicable from time to time.

NIM will typically exercise its voting rights for material equity positions only, unless otherwise is specifically agreed with a client and/or required by applicable law as, for example, the U.S. Investment Company Act of 1940.

Conflicts of interest

As part of making a voting decision, the Corporate Governance Function will identify any potential conflicts of interest in relation to the proxy voting.

In case a potential conflict of interest is identified, the Corporate Governance Function is responsible for informing the NIM Proxy Voting Committee (the "**PVC**") and submit the conflict of interest for the PVC to manage/resolve. The PVC shall always consider the best interest of NIM's clients and any final decision shall be made by consensus in the PVC. If consensus cannot be reached, the issue shall be escalated to the CEO of NIM. NIM's compliance function is represented in the PVC with a specific focus on managing conflicts of interest.

NIM has policies in place for the purpose of taking all reasonable steps to prevent and manage conflicts of interest. These policies need to be complied with for all areas, including proxy voting. Examples of when potential conflict of interests in relation to proxy voting can arise, and the guiding principles regarding how the PVC, and the CEO as applicable, shall manage/resolve such conflicts and eventually decide on how to settle the conflict, are set out below.

Example of potential conflict	How the conflict shall be managed/resolved
Where NIM has a business relation with the investee company being voted on which objectively may affect the voting.	The PVC shall ensure that a position on a vote is not altered due to a business relationship that NIM or any company within the Nordea Group may have with an investee company. This conflict of interest is managed as NIM utilises either the client's own voting principles or ISS's voting principles to all client portfolios in a manner that considers the clients' best interests.
Another entity within the Nordea Group has a business relation with the investee company being voted on which objectively may affect the voting.	This conflict of interest is managed by the fact that NIM is legally separated from the Nordea Group (including Chinese walls and confidentiality set-ups). In addition, NAM is functionally governed at arm's length from Nordea Bank Abp. In addition, this conflict is further managed by the fact that NIM is utilising either the client's own voting principles or ISS voting principles to all client portfolios in a manner that considers the clients' best interests.
NIM employees having an interest in the investee company being voted on, due to being affiliated with the investee company, e.g. as a board member of the investee company and such employee may seek to influence the voting.	To ensure that NIM does not alter a position on a vote due to a NIM employee having an interest in the investee company being voted on, NIM's internal rules require all employees to declare and disclose their outside business interests. In cases where there is an actual conflict, the PVC may determine that it is inappropriate for such employees to direct the voting at meetings of certain companies in which NIM clients invest. In addition, this conflict is further managed by the fact that NIM is utilising either the client's own voting principles or ISS voting principles to all client portfolios in a manner that considers the clients' best interests.
The interests of clients differ and may therefore have a different view on how the voting shall be done in relation to the same investee company resulting in a situation where NIM could vote on a matter with a potential voting outcome that would favour one of our clients over another.	This conflict of interest is managed by treating all clients equally in NIM's voting activities. As agreed with the relevant clients, unless a client instructs otherwise, NIM is utilising either the client's own voting principles or ISS voting principles to all client portfolios in a manner that considers the clients' best interests.
Portfolio managers in NIM, who manage separate portfolios on behalf of the respective clients, may have a different view on how the voting shall be done in relation to the same investee company.	This conflict of interest is managed by treating all clients equally in NIM's voting activities. As agreed with the relevant clients, unless a client instructs otherwise, NIM is utilising either the client's own voting principles or ISS voting principles to all client portfolios in a manner that considers the clients' best interests.

Example of potential conflict	How the conflict shall be managed/resolved
<p>NIM's third party proxy voting service providers, such as ISS, may provide advisory services to corporate clients whilst at the same time providing proxy voting recommendations to NIM. ISS may in these situations treat the corporate client more favourably in its recommendations due to the use of its services.</p>	<p>NIM conducts ongoing and annual due diligence reviews of third-party proxy voting service providers, such as ISS, to <i>inter alia</i> verify that ISS is independent. This includes for example reviewing ISS conflict management procedures.</p> <p>In case the services provided do not meet the expected standard of service, NIM will initiate a dialogue with the service provider and highlight any issues identified. In case the service provider is unwilling to adjust, NIM will consider replacing the service provider and, as a last resort, insource the service.</p>
<p>For situations where NIM has ongoing engagement with an investee company, the views of the third-party proxy voting provider and NIM differ.</p>	<p>This conflict of interest is managed by treating all clients equally in NIM's voting activities. As agreed with the relevant clients, unless a client instructs otherwise, NIM is utilising either the client's own voting principles or ISS voting principles to all client portfolios in a manner that considers the clients' best interests.</p>

In addition to the above, it may be noted that NIM, in its capacity as the asset manager of all the Nordea funds, is not responsible for the proxy voting for the Nordea funds which instead remains with the fund management companies. Hence, from a NIM perspective there are no conflicts of interest in this regard.

Proxy Voting Committee

NIM has established the PVC for the purpose of evaluating the policies and procedures in place to ensure compliance with proxy voting legislation and best practice in the best interest of NIM's clients. In addition hereto, the PVC is responsible for resolving identified conflicts of interest as further set out above. The responsibilities of the PVC are further set out in the *Charter for the proxy Voting Committee*.

PVC meets semi-annually and when potential conflicts of interest in relation to proxy voting are referred to the PVC by the Corporate Governance Function on a case by case basis or as initiated by another stakeholder.

Members of the PVC include both voting and non-voting members, including for example NIM's Chief Investment Officers, one of the Co-Heads of NIM's Responsible Investments team and senior representatives from NIM's Compliance function.
