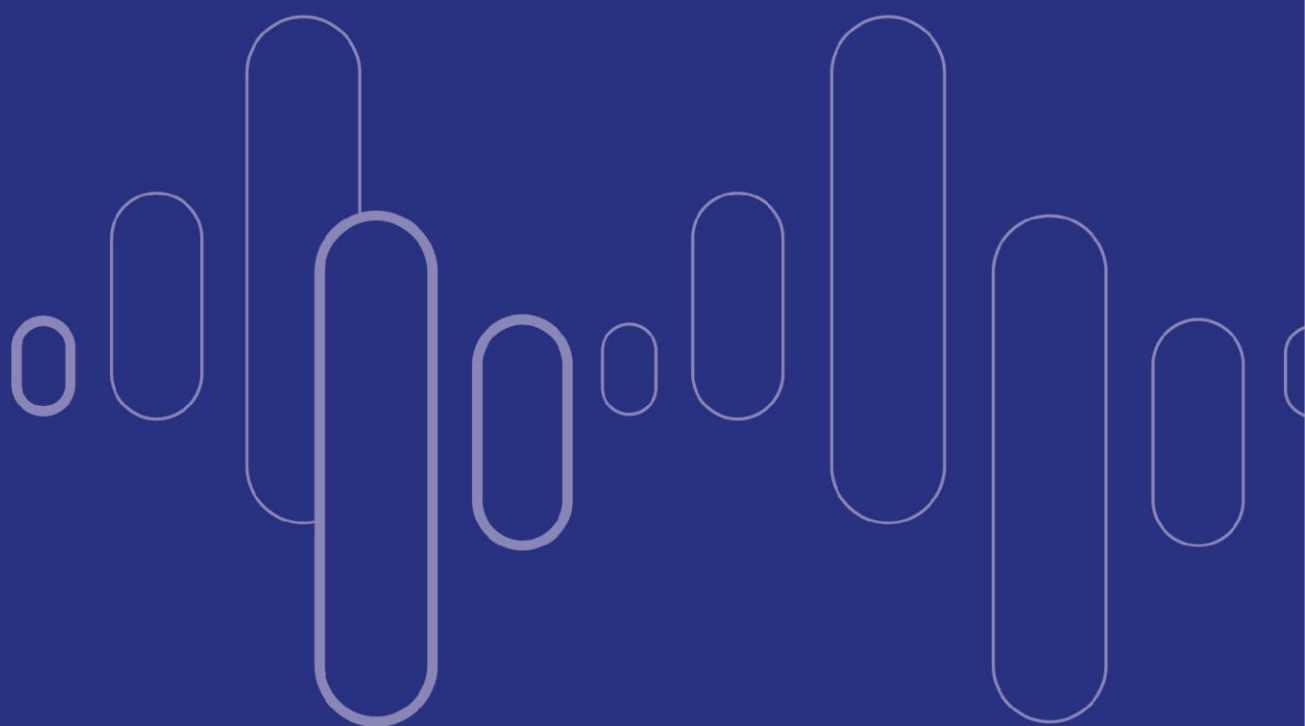


# **Engagement Policy**

## **Nordea Investment Management AB**

### **2024**



## Contents

1.	Purpose & Scope	2
1.1	Purpose	2
1.2	Scope	2
2.	Regulatory context	2
3.	Active Ownership in NIM	2
3.1	Engagement activities	2
3.2	General principles	3
3.3	Integration of shareholder engagement in investment strategies	4
3.4	Monitoring of investee companies	4
3.5	Dialogues with investee companies	5
3.6	Proxy Voting	6
3.7	Cooperation with other shareholders	6
3.8	Communication with relevant stakeholders	6
4.	Conflict of interests	6
5.	Transparency	6
6.	Definitions	7
7.	Appendix A – NIM Proxy Voting Policy	8
7.1	General on proxy voting arrangements	8
7.2	Conflicts of interest	8
7.3	Proxy Voting Committee	10

## 1. Purpose & Scope

### 1.1 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. NIM provides portfolio management services to various clients including Nordea Investment Funds S.A. (NIFSA) and Nordea Funds Ltd (NF). While discretionary portfolio management (including related engagement activities) of all funds managed by NIFSA and NF has been delegated to NIM, NIFSA and NF have retained certain corporate governance activities including voting. These fund companies have respectively established separate corporate governance principles that apply in relation to the holdings of the funds managed by these entities.

The purpose of this Engagement Policy (the Policy) is to give an overview of the regulatory obligations and efforts of NIM to ensure effective shareholder engagement on behalf of its clients. The Policy outlines the general principles for how shareholder engagement may be integrated in NIM's investment strategies and more specifically in Nordea branded investment strategies and the different engagement activities that NIM may carry out on behalf of clients when investing in Listed Shares (as defined in section 6 below).

### 1.2 Scope

The general principles set out in this Policy are applicable when NIM provides the investment service portfolio management to its clients and invest 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 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.

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. Regulatory context

This Policy is drafted and reviewed in accordance with regulatory requirements set by the Shareholders Rights Directive<sup>1</sup>, as implemented in Sweden under the Swedish Securities Market Act.

## 3. Stewardship in NIM

### 3.1 Engagement

NIM believes that engagement activities can contribute to the achievement of sustainable long-term returns and shareholder value. NIM undertakes a range of activities on behalf of its clients in order to affect and influence investee companies to improve their corporate governance practices, as well as to ensure a more long-term approach in investee companies. In this context, this includes the following activities in relation to the investee companies, as applicable:

- Monitoring;

---

<sup>1</sup> 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 (SRD II).

- Conducting dialogues with investee companies;
- Cooperation with other shareholders;
- Communication with other stakeholders.

When performing the above activities, NIM follows the approach to responsible investments set out in the Responsible Investment Policy, and therefore include consideration of ESG aspects in stewardship practises. As an example, identification of negative impact on environmental and social factors by an investee company may be a driver for engagement activities as a mean to mitigate that impact.

In addition, recognising that proxy voting is an effective way of expressing views and influencing investee companies, another stewardship activity of NIM is proxy voting as agreed with clients in the individually negotiated agreements. Further to the above, and as applicable, NAM stewardship activities include engagement with companies and setting standards, voting, attending AGMs, and filing shareholder resolutions. In respect of Nordea-branded strategies, engagement with companies, standard settings and filing shareholder resolutions are typically carried out by NIM whereas voting and attending AGMs are handled by the fund companies.

The engagement activities carried out on behalf of the funds managed by the fund companies follow this process:



Engagement process. Data as of 31.12.2023.

### 3.2 General principles

NIM has established six general principles for situations 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. 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. A set of specific ESG positions that describe our expectations on investee companies are set out in the Responsible Investment Policy and complement these general principles.

#### 1. Act in the long-term interest of shareholders

The investee company's overarching goal should be to 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 minimise 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 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 human rights performance and labour standards, commitment to combating climate change and Biodiversity loss. To the extent possible, disclosures should be verifiable.

### **3.3 Basis for engagement**

The matters pertaining to actual or potential investee companies that NIM may assess as part of its shareholder engagement activities include:

- Business strategy;
- Environmental concerns;
- Social concerns;
- Corporate governance framework;
- Compliance and risk management framework;
- 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 as input in the research process. NIM may decide to abstain from investing in, or divest 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, such as the degree of ESG data availability in respect of the investee company, asset class, as well as client investment restrictions regarding sustainability.

### **3.4 Monitoring of investee companies**

NIM conducts a number of activities to monitor investments in investee companies managed on behalf of its clients including screening portfolios to monitor investee companies on ESG matters and ensuring where relevant ongoing compliance with the NIM's Responsible Investment Policy:

- Portfolio management;
- Norm-based screening;
- Principal adverse impact (PAI) consideration;
- Monitoring of NIM's exclusion list.

### 3.4.1 Portfolio management

As part of NIM's portfolio management activities, the matters set out above are monitored in various ways. For example, NIM's investment research team may look at actual or potential investee company announcements or reports (such as quarterly or annual reports) as input in assessing the investee company's business strategy, corporate governance framework or capital structure. Moreover, other publications (such as newspapers, financial journals or academic publications) may serve as 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 teams as part of the ongoing portfolio management activities. Investment teams have access to NAM's proprietary ESG database and ESG analysis from the Responsible Investment team, as well as ESG data from external data providers.

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

Typically, investment-led engagements are initiated and executed at the individual strategy and investment team level.

### 3.4.2 Norm-based screening

Norm-based screening identifies companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, an internal assessment of the company and the incident is initiated. Typical actions include engagement, quarantine or exclusion. A quarantine implies that the holdings of portfolios in the company concerned may not be increased and a quarantine will in nearly all cases be accompanied by direct engagement with the company. The issue raised may not lead to any immediate action, either because it has already been resolved or it is judged to be minor/immaterial.

### 3.4.3 PAI consideration

The environmental and social impact of the activities of investee companies is monitored on an ongoing basis, subject to data availability, using an internally-developed monitoring system. Companies identified as outliers on one or more PAI indicators are analysed further and may be a driver for active ownership activities, including voting and engagement, as a mean to mitigate that impact.

NIM will typically not immediately exclude a company from its investment strategies, as NIM generally considers engagement 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.

### 3.4.4 Monitoring of NIM's exclusion list

NIM reviews and updates its exclusion list on an ongoing basis. NIM's order management system ensures that portfolio managers cannot invest in companies that are included in the exclusion list.

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

## 3.5 Dialogues with investee companies

NIM considers dialogues with investee companies essential, aiming to influence companies to improve its corporate governance practices, to ensure long-term value creation in the company, to promote disclosure standards related to Environmental and Social standards or any other identified area of concern (please see the general principles set out in section 3.2).

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

### 3.6 Proxy Voting

NIM's proxy voting arrangements are set out in Appendix A.

### 3.7 Collaboration with other shareholders

NIM strongly believes that collaborative engagement is a crucial part of its engagement activities to achieve real world progress with the investee companies. 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 will select the approach that is deemed to be in the best interest of its clients, respecting any limitations to cooperation based on regulation and internal policies. NIM may typically cooperate with other shareholders when client holdings managed by NIM, 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.

### 3.8 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, respecting any limitations to communication based on regulation and internal policies. Relevant stakeholders may include interest groups, public authorities and institutions, NGO's and think-tanks.

## 4. Conflict of interests

NIM is aware that potential or actual conflict of interests may arise as part of 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 these to clients to prevent any adverse effect on the interests of the clients. A conflicts of interest list is available in Appendix A.

## 5. Transparency

NIM will on an annual basis, publicly disclose how this Policy has been implemented, in the SRD II Disclosure Report. This report and the Responsible Investment Policy is available [here](#). The Corporate Governance Principles of the respective fund companies are available here for [NIFSA](#) and for [NF](#).

## 6. Definitions

<b>Dealing on own account</b>	means the investment service as defined under directive 2014/65/EU (MiFID II)
<b>EEA</b>	means the European Economic Area
<b>Listed Shares</b>	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
<b>NAM</b>	means the functional organisation Nordea Asset Management which is the main provider of asset management services within the Nordea Group
<b>NIM</b>	means Nordea Investment Management AB, including branches
<b>Nordea Group</b>	means the Nordea group of which Nordea Bank Abp is the ultimate parent company
<b>Policy</b>	means this engagement policy
<b>Portfolio Management</b>	means the investment service as defined under directive 2014/65/EU (MiFID II)
<b>Proxy Voting Committee</b>	means the proxy voting committee established by the board of directors of NIM that is responsible to ensure proper handling and oversight of the proxy voting performed by NIM on behalf of its clients. This includes compliance with proxy voting legislation and best practice in the best interest of NIM's clients.



## 7. Appendix A – NIM Proxy Voting Policy

### 7.1 General on proxy voting arrangements

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

NIM's Active Ownership Team 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 Active Ownership Team 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 may include, 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 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.

### 7.2 Conflicts of interest

As part of making a voting decision, the Active Ownership Team will identify any potential conflicts of interest in relation to the proxy voting.

In case a potential conflict of interest is identified, the Active Ownership Team is responsible to inform 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 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	This conflict of interest is managed by the fact that NIM is legally separated from the Nordea Group (including Chinese walls and

Example of potential conflict	How the conflict shall be managed/resolved
the investee company being voted on which objectively may affect the voting.	<p>confidentiality set-ups). In addition, NAM is functionally governed at arm's length from Nordea Bank Abp.</p> <p>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.</p>
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.	<p>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.</p> <p>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.</p>
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.	<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>
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.	<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>
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>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>
For situations where NIM has ongoing engagement with an investee	<p>This conflict of interest is managed by treating all clients equally in NIM's voting activities. As agreed with the relevant clients,</p>

Example of potential conflict	How the conflict shall be managed/resolved
company, the views of the third-party proxy voting provider and NIM differ.	unless a client instructs otherwise, NIM will utilise the client's own voting principles or ISS voting principles to all client portfolios in a manner that considers the clients' best interests.

In addition to the above, it may be noted that NIM, in its capacity as the investment manager of all the funds managed by Nordea Funds Ltd and Nordea Investment Funds S.A., is not responsible for the proxy voting for the funds managed by these fund management companies. Hence, from a NIM perspective there are no conflicts of interest in this regard.

7.2 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, the PVC is responsible for resolving identified conflicts of interest as further set out above.

PVC meets semi-annually and when potential conflicts of interest in relation to proxy voting are referred to the PVC by the Active Ownership Team 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, Head of Active Ownership, and senior representatives from NIM's Compliance function.