

Engagement Policy

Nordea Investment Funds S.A.

1. Background Information

Nordea Investment Funds S.A. (including its branches and subsidiaries, hereafter referred to as “NIFSA”) has adopted the following corporate governance principles. The principles shall be seen as overall guidelines for corporate governance to be applied to all investment funds for which NIFSA is the appointed management company (the “Funds”). NIFSA forms part of the Nordea Group¹, a financial institution in the Nordic region.

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

We believe that sound corporate governance contributes to shareholder value and adds value to all types of investments. Corporate governance is essential for a transparent relationship between companies and shareholders, in which shareholders play a vital role in improving the performance of a company.

The engagement policy of NIFSA (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 (“SRD II”) and adherence to 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.

2. Further reference

This Engagement Policy should be read in conjunction with the Corporate Governance Principles of NIFSA³ to obtain a holistic overview of its approach.

3. Principles of the Engagement Policy

PRINCIPLE 1: Asset managers should have an engagement policy that describes how they integrate shareholder engagement in their investment strategy. The engagement policy shall describe how they monitor investee companies⁴ on relevant matters, including strategy, financial, non-financial performance, and risk.

NIFSA monitors in particular the investee companies’ strategy, financial and non-financial performance and risk, capital structure, Environmental, Social and Governance factors (henceforth “ESG”), board composition, remuneration practices and capital mandates, among other things. When needed, NIFSA strives to influence the investee companies and to promote a better corporate governance structure, risk management, performance or disclosure standards with respect to a wide range of ESG related issues of these companies.

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 (Shareholder Rights Directive II)

³ Available only in English

⁴ EU regulators identified the need for larger shareholder involvement and active participation in the companies in which they held shares (i.e. the investee companies)

PRINCIPLE 2: Capital structure

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

PRINCIPLE 3: Social and environmental impact

It is expected that investee companies include relevant social and environmental 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 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 ESG risks that have emerged.

Except provided otherwise, the investee companies' responsibility with respect to corporate social responsibility and addressing ESG aspects is fundamental to them achieving sustainable impact.

In actively managing the Fund's portfolio, the management team may select 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.

PRINCIPLE 4: 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. 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 5: 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.

PRINCIPLE 6: Exercise 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 two external advisors are being utilized. NIFSA uses a methodology when deciding which companies to vote in, primarily based on the value of the holding and the ownership level in the specific company. A full voting record, and historical record, can be found on the Nordea's Funds' Voting Portal.

PRINCIPLE 7: 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. Of course, regulations differ between the markets the Funds invest in, and 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 8: 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 9: 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.

PRINCIPLE 10: Manage actual and potential conflicts of interests in relation to their engagement

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.