



Corporate Governance Principles

Nordea Investment Funds S.A.

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Our approach

1. Introduction

Nordea Investment Funds S.A (henceforth in this document “NIFSA”) has adopted the following corporate governance principles for all of its holdings.

The overall purpose of corporate governance is to duly fulfil the fiduciary duty of safeguarding shareholders’ common interest in shareholder matters and contribute to the healthy long-term growth of the financial market.

The principles rely on the internationally accepted principles adopted by the International Corporate Governance Network (ICGN)¹ which, in turn, bases its principles on the OECD’s Principles of Corporate Governance. These principles serve as overall guidelines for corporate governance to be applied to all investment funds for which NIFSA is the appointed management company (the “Funds”) on a pragmatic basis, as they may, in individual cases, be adapted to local laws and regulations.

With NIFSA we also refer to the work conducted by Nordea Funds Ltd (entity which forms part of the Nordea Group) Corporate Governance function acting on behalf of NIFSA for the execution of the corporate governance actions including voting.

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



¹ The ICGN is a group representing the interests of major institutional investors, companies, financial intermediaries and other parties interested in the development of global corporate governance practices.

2. Scope

NIFSA forms part of the Nordea Group, a financial institution in the Nordic region. The corporate governance principles provide the Funds' stakeholders with an overview of how NIFSA intends to ensure compliance with Article 3g of the 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). NIFSA shares the view that there is a general need for greater shareholder involvement and active participation in investee companies. The principles apply to all funds managed by NIFSA and its branches.

Additionally, the EU's Sustainable Finance Disclosure Regulation (SFDR) defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Principal adverse impact (PAI) is generally understood to mean the adverse impact on these factors. Identification of high negative impact on environmental and social factors results in further analysis and may be a driver for NIFSA's active ownership activities, including voting and engagement, as a means to mitigate that impact.

3. Corporate governance at NIFSA

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

NIFSA aims to:

- Actively engage with companies and stakeholders in a predictable and consistent manner contribute to returns with responsibility for our shareholders.
- Act as industry leader and contribute to well-functioning capital markets.
- Be transparent with engagements and voting records.

NIFSA's corporate governance activities include participation in nomination committees, participation in shareholders' meetings, voting at general meetings and engagement through regular dialogue with companies concerning key ownership issues.

NIFSA monitors aspects such as companies' strategy, financial and non-financial (environmental and social) performance and risk, capital structure, board composition, remuneration practices and capital mandates. When needed, NIFSA strives to influence investee companies and promote a better corporate governance structure, risk management, performance or disclosure standards with respect to a wide range of issues.

Dialogues between NIFSA and investee companies are held in a number of different ways, including through the regular contacts of portfolio managers and Responsible Investment analysts with the companies and the Corporate Governance team on governance-related issues.

Cooperation with other owners is important to influencing a company. This can be achieved through working groups or ownership committees, as well as owner-led nomination committees in markets where such are the norm. NIFSA strives to enhance due corporate governance practices by working with others, such as Institutional Owners Associations, PRI Stewardship Committee and International Corporate Governance Network.

The Corporate Governance team has the mandate to escalate according to these principles and can refer decisions to a dedicated Committee in cases where the principles do not provide sufficient guidance. These decisions can be further escalated to the Board, if deemed necessary.

4. Engagements and exercising voting rights



4.1 Engagements

As an active owner, NIFSA believes that engagements with investee companies on corporate governance, as well as environmental and social factors, will have a positive impact on our investments and on society. We actively use our ownership rights to engage with companies on behalf of our shareholders in a constructive manner as this is an efficient way of making an impact. However, there are instances in which a lack of responsiveness by the company needs to be addressed. We have several active ownership tools which can also be used for escalation, such as collective engagements with other investors, attending a shareholder meeting in person, sharing written concerns with the board, filing shareholder resolutions or voting against the board's recommendation at a shareholder meeting.

NIFSA engages with the board in different ways:

Nomination committees

We believe that participating in owner-led nomination committees is a highly efficient way to engage with companies and owners. We aim to accept all invitations to participate in owner-led nomination committees and use this platform to promote diversity, sound corporate governance and sustainable business models, and to ensure the right board composition.

Dialogues in connection with shareholder meetings

Ahead of a shareholder meeting, we might call for a meeting with the board to discuss its recommendations for specific items at shareholder meetings, but also to explain our position. This can be particularly useful in terms of incentive plans for the CEO and management, capital structure and shareholder proposals. We might also contact companies that have raised our concern to inform them of our voting intentions.

4.2 Executing voting rights

The voting rights are exercised for all equity investments. We vote both by proxy and in person at shareholder meetings.

Two external proxy advisors are used – Institutional Shareholder Services (ISS) and Glass Lewis. ISS is used for proxy voting, execution as well as research, while Glass Lewis is mainly used for analysis. We evaluate our proxy advisors regularly on operational integrity, quality of research and due implementation of the custom voting policy.

The Corporate Governance team evaluates all proxy advisor recommendations and involves the portfolio managers and Responsible Investments analysts when relevant. The in-house evaluation takes precedence over the recommendations of the proxy voting advisor.

Our Corporate Governance Principles guide our voting decisions. The starting point when deciding how to vote is to support the recommendations of the board.

We may, however, vote against the board's recommendation in companies that do not meet our expectations. We will not support re-election of the chair, certain board members, discharging the board from liability and certain management or shareholder proposals when:

- The company's corporate governance is deficient, proposals are not in the best interests of long-term shareholders, and proposals are not aligned with our principles or expectations.
- Companies in highly exposed sectors lack a climate transition plan to align with the goals of the Paris agreement.
- The board lacks diversity.
- The company has remuneration plans and reports that fail to establish a link between executive remuneration and the fulfilment of relevant environmental, social and business ethics criteria. If such criteria are not made part of executive remuneration plans, we may also vote against directors with special responsibility for remuneration.
- Say on Climate resolutions if our expectations are not met.

- The board lacks oversight of material ESG risks.

Each item is analysed individually to ensure the best interest of our shareholders. We aim to inform companies when we vote against board recommendations and explain our reason for doing so.

Shareholder proposals

Shareholder proposals are addressed on a case-by-case basis. We consider whether support for the proposal will improve a company's practices or shareholder value, whether the company's current stance on the topic is likely to have a negative impact – for example in terms of litigation and reputational damage, and the company's responsiveness to the issue. In general, we support proposals that aim to protect or enhance long-term shareholder value creation, improve transparency on material issues and which address ESG risks not sufficiently managed and that are in line with our expectations in the RI-policy².

² https://www.nordea.lu/documents/esg--ri-policy/ESG-RI-PL_eng_INT.pdf



5. Disclosures and transparency

We are fully transparent with our voting – a full voting record is available in Nordea Funds' Ltd Voting Portal³. We also publish a summary of our corporate governance activities in our annual report and provide this information directly to

³<https://vds.issgovernance.com/vds/#/NzI0Nw==/>

shareholders at meetings, in surveys and in presentations. Our Corporate Governance Principles and Responsible Investment Policy are reviewed and updated as required, at least annually.

6. Other corporate governance issues

6.1 Conflicts of interest

In all its activities, NIFSA shall act in the best interests of the customer, and act honestly, fairly and professionally. NIFSA shall ensure that all its employees possess sufficient skills concerning and awareness of what constitutes a conflict of interest, and the measures required when a conflict of interest has been identified.

The Board of NIFSA has adopted a Board Directive on Conflicts of Interest for the purpose of taking all reasonable steps to prevent conflicts of interest.

The instructions set forth the organisational and administrative procedures for identifying, preventing and managing conflicts of interest to ensure that shareholders' best interests are always considered, and to prevent shareholders' interests being damaged by conflicts of interest. On an ongoing basis, all employees of the fund company are responsible for assessing potential conflicts of interest that may arise as part of normal day-to-day business. Where such conflicts cannot be avoided, NIFSA will identify, manage and monitor them.

A review of all identified potential conflicts of interest are conducted, at least annually, to ensure that preventative measures are deemed sufficient to safeguard shareholders' best interests.

If the preventative measures are not sufficient to prevent or manage a conflict of interest, NIFSA will disclose to the shareholders the general nature and sources of the conflict of interest and

the steps taken to mitigate those risks before undertaking business on behalf of the shareholder.

NIFSA also has internal rules and controls in place that prohibit employees from having external engagements that interfere with their ability to perform their duties and functions, or undermine trust and confidence in Nordea.

6.2 Insider information

NIFSA generally strives not to be made an insider. In the specific cases where this cannot be avoided, and/or it is in the best interest of our shareholders for the company to be made an insider, there are policies and structures in place to ensure that the information is managed in a controlled and proper manner.



Expectations of investee companies

7. General principles

7.1 Board responsibilities and composition

The responsibility of boards

The board is accountable to all shareholders and relevant stakeholders. It is responsible for the company's organisation, for overseeing management and the company's affairs so as to promote long-term value creation. Board members shall pay particular attention to their responsibility when conflicting interests between shareholders could perceptibly exist.

Efficient board work is fundamental to creating value for shareholders, and a well-composed board and well-organised board work are therefore crucial. As representatives of the shareholders, the board is responsible for supervising the executive management. So as not to impede the board's ability to exercise control, the board's chair shall not concurrently be responsible for the executive management of the company.

The board is responsible for the company's organisation and for managing the company's affairs to promote long-term value creation.

Duties of the board

The board's duties and responsibilities and key functions, for which they are accountable, include:

- Reviewing, approving and guiding corporate strategy, major plans of action, risk policy and risk oversight, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing

major capital expenditures, acquisitions and divestitures.

- Ensuring the company's compliance with social and environmental standards as well as alignment with the Paris Agreement⁴.
- Monitoring the effectiveness of the company's governance practices and making changes as needed to ensure the alignment of the company's governance system with current best practices.
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Aligning key executive and board remuneration with the longer-term interests of the company and its shareholders.
- Ensuring a formal and transparent board nomination and election process.
- Monitoring and managing potential conflicts of interest of management, board members, shareholders, external advisors and other service providers, including misuse of corporate assets and abuse in related party transactions.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate control systems are in place, in particular systems for risk management, financial and operational control and compliance with the law and relevant standards.
- Overseeing the process of disclosure and communications

Director competencies

It shall be ensured that the board comprises directors with the requisite range of skills, knowledge and experience, which also includes sustainability, to enable it to discharge its duties and responsibilities.

Directors are fiduciaries

Members of the board or supervisory boards are fiduciaries who must act in the best interests of all shareholders and are accountable to the shareholder body as a whole. As fiduciaries,

⁴ The Paris Agreement's overarching goal is to limit the temperature increase to 1.5°C above pre-industrial levels.

directors have a duty of loyalty to the company and must exercise reasonable care in relation to their duties as directors.

Independent directors

One of the principal features of a well-governed company is the exercise by its board of independent judgment. Independent judgment means judgment in the best interests of the company, free of any external influence that may attempt to be, may be or may appear to be exerted on any individual director or the board as a whole. Each board shall include a strong presence of independent, non-executive directors.

Information on board members

Companies shall disclose, upon nomination or appointment to the board, and thereafter in each annual report or proxy statement, information on the identities, core competencies, professional or other backgrounds, recent and current board and management mandates at any other companies, factors affecting independence, board and committee meeting attendance and overall qualifications of board members and nominees so as to enable investors to assess the value they add to the company. Information on the appointment procedure shall also be disclosed annually.

Board chairs

The chair of the board shall not be the CEO. The company shall explain the reasons if this is the case, and in such event shall adopt an appropriate alternative structure to ensure that the board's responsibilities can be effectively discharged in all circumstances.

Board committees

Where committees of the board are established, their remit, composition, accountability and working procedures shall be well-defined and disclosed by the board. At least a majority and preferably all members of the audit committee shall be independent.

Related party transactions

Each company shall have a process for reviewing and monitoring any related party transactions. The company shall disclose details of all material

related party transactions in the company's annual report.

Conflicts of interest among directors

Companies shall have a process for identifying and managing any conflicts of interest that directors may have.

Board evaluation

Each board shall evaluate its performance and the performance of individual directors on a regular basis, preferably yearly, and shall consider engaging an external consultant to assist in the process. Each company shall disclose the process for such evaluation.

Non-executive director meetings

Non-executive directors shall meet in the absence of executives of the company as often as is required and on a regular basis.

Share ownership

Each company shall disclose a policy concerning ownership of shares of the company by senior managers and directors. NIFSA generally believes that ownership of shares by individual board members in the company concerned is positive.

Diversity

A board should be diversified in terms of gender, experience, age and other factors. A board should preferably be made up by at least 40 per cent of either gender.

Nomination procedure

Each board is composed on the basis of the company's specific situation. The number of board members, their expertise, experience, age, gender, nationality and independence are factors to be considered on the basis of each company's situation. Each member must be able to devote sufficient time and commitment to the board assignment. Corporate governance can be exercised through participation in forums that stipulate board composition – such as a nomination committee made up of the largest owners, as is standard procedure in some Nordic countries.

The nomination procedure shall be conducted in a way that is clear and well-communicated to all shareholders. In markets where this is the norm, nomination of board members and auditors should take place within the framework of a nomination committee comprising representatives of the largest owners, and possibly from the company's board, most likely the chair.

Board remuneration

The board's overall remuneration and benefits shall be decided by the annual general shareholders' meeting. Considerations related to the company's size and complexity, members' expertise and the amount of time committed as well as the possibility of recruiting suitable members, shall be considered when evaluating the level of board fees. We encourage board members to invest and hold shares in the company they represent. However, we are generally negative to board members receiving options issued by the company. Information about total remuneration for each board member from the company and related parties or the group shall be disclosed in the annual report.

7.2 Risk oversight

The board should proactively oversee the assessment and disclosure of the company's key risks and approve the approach to risk management and internal controls regularly upon any significant change in the business, and satisfy itself that the approach is functioning effectively.

We also expect the board to include sustainability risks in its risk oversight. A sustainability risk means an environmental, social or governance event or condition that, if it transpires, could have a material adverse impact on the value of the company.

Climate

The board should assess the impact of climate change on the company's business model, and how the latter will be adapted to meet the needs

of a net zero economy as part of a long-term strategy.



For companies in high-impact sectors, we expect to see progress on alignment with the Paris agreement, by meeting the following criteria:

- A net zero ambition by 2050
- Short-, medium- and long-term GHG reduction targets aligned with 1.5°C
- Good performance in relation to targets
- Comprehensive GHG emissions disclosure, including material scope 3 emissions
- A comprehensive decarbonisation strategy with quantified mitigation outcomes
- Aligned capital expenditure

Companies depending on or impacting biodiversity and ecosystems are expected to integrate relevant nature-related considerations into their strategy, risk management and reporting.

For more information about our expectations on other issue areas, see the Nordea RI policy.

Corporate culture

The board should demonstrate a culture of high standards of business ethics and integrity aligned with the company's purpose and values at board level and throughout the workforce. We expect companies to have an adequate social strategy, for example related to human rights.

7.3 Remuneration

A company's executive compensation policy plays a vital role in guiding, evaluating, and rewarding executives. The board's responsibility is to attract the right CEO and set appropriate compensation. It is essential for the company, its shareholders, and stakeholders to ensure a fair policy and avoid excessive dilution.

We advocate transparency in remuneration policies, including compensation levels, structures, and performance targets. These policies should align the interests of executives with shareholders, focusing on long-term value creation and incorporating non-financial targets, like environmental, social, and governance criteria. Significant greenhouse gas emitters should incentivise executives to address climate risk.

We expect:

- Each board to establish and communicate a long-term remuneration policy for executives and key employees, addressing fixed salary, variable compensation, pensions and other benefits. This policy should align with the company's strategy and promote long-term performance.
- The board to report on how it considers remuneration-related risks and align executives' interests with those of shareholders. Incentive programmes should be linked to individual and company performance, encouraging long-term share ownership.
- Clear, transparent remuneration systems to drive performance and shareholder value. They must have predefined caps and the potential for board regulation if results seem unreasonable. It is crucial to avoid share-based programmes in unlisted subsidiaries, aligning management and employee interests with those of shareholders.
- Decisions on remuneration programmes to be presented to shareholders, and the board should evaluate the system annually, sharing the results with shareholders.
- Shareholders to have a say on pay in executive remuneration through approvals of policy changes or annual votes on remuneration reports.
- Management and employees to participate with their own contributions in long-term remuneration programmes.
- Pension benefits to follow a defined contribution plan, with expenses recorded during the employee's active term of service.
- That proposals for decisions are not dominated by programme participants. Any significant influence by programme participants on shareholder decisions should be reported.

- The motivation and structure of programmes to be readily available to shareholders in a clear format.

7.4 Shareholder rights

The protection of shareholder rights is an essential requirement for minority shareholders in a listed company. Shareholders should have the right to obtain full, accurate and timely information on the company and to approve fundamental changes therein. This includes the right to approve changes in capital structure affecting shareholders' cash flow or voting rights.

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 company's shareholders equally and shall ensure that the rights of all investors, including minority and foreign shareholders, are safeguarded.

Unequal voting

Companies' ordinary shares shall feature one vote for each share. Companies shall act to ensure the owners' rights to vote. Divergence from a 'one-share, one-vote' standard that provides certain shareholders with power that is disproportionate to their equity ownership shall be both disclosed and justified.

Access to speak and vote

The right and opportunity to vote at shareholders' meetings is a requirement for shareholders to exercise their shareholder rights in full. All shareholders should have the opportunity to exercise their full decision-making powers, including the right to speak, lodge counterproposals and vote, at shareholders meetings in real time. This requirement applies to shareholders' meetings regardless of whether they are organised as in-person, hybrid or virtual-only meetings.

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.

Companies incorporated in jurisdictions that do not have laws enabling the appointment and dismissal of a director or an external auditor by shareholders holding a majority of votes shall nevertheless endeavour to provide such rights for shareholders.

Shareholders' right to convene a meeting of shareholders

Each company shall grant holders of a specific proportion of the outstanding shares of a company, no greater than ten per cent (10%), the right to convene a meeting of shareholders for the purpose of transacting the legitimate business of the company.

Shareholder questions

All 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.

The equity component of remuneration programmes for board members and employees shall be subject to shareholder approval. However, we are generally negative to board members receiving options issued by the company. Furthermore, companies shall not implement shareholder rights plans or so-called "poison pills" without shareholder approval. In addition, changes to the articles of association or other rules governing the company shall not be made without prior shareholder approval. Shareholders shall be given sufficient information about any such changes in the

company, sufficiently in advance to allow them to make an informed judgment and exercise their voting rights.

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 duly counted and recorded. Companies shall make a timely announcement of the outcome of a vote.

7.5 Capital management

Distribution of capital

Capital exceeding the company's needs in relation to established strategies shall be distributed to shareholders. We are in favour of dividends or redemption as capital repatriation methods. If there are special grounds as to why the company should acquire outstanding shares, this shall be done cost efficiently and without changes to the ownership structure. In cases where the company has acquired outstanding treasury shares and intends to sell them for cash at a later date, existing shareholders should then have pre-emptive rights.

Private placements without preferential rights

We believe that existing shareholders should generally have preferential rights to subscribe for new shares. Directed new shares issued for cash, without preferential rights for existing shareholders, should be avoided – while such mandates in which new shares are used as payment for acquisitions, should be limited in scope and time.

Authorisation for the board to decide on the issue of shares

In cases where it is proposed that the board be authorised to make decisions on share issues without preferential rights for current shareholders, such authorisation should only apply to non-cash issues. Authorisation comprising more than 10 per cent of the company's capital should be avoided unless otherwise specifically justified by the company's particular situation and needs for the duration of the authorisation period.

Repurchase of own shares

Authorisations to repurchase own shares shall be taken by the shareholders. We require the authorisation to be motivated by the board, to be limited in time and not exceed 10 per cent of the company's capital.

Mergers

We expect companies to provide sufficient information, secure shareholder rights and act in accordance with sound governance when structuring mergers or acquisitions.

7.6 Reporting and audit

The board is responsible for presenting a balanced and comprehensible assessment of the company's position and long-term prospects in the annual report and accounts for existing and potential shareholders and relevant stakeholders (particularly creditors who also provide capital and bear the residual risk of the company). This extends to sustainability-related factors that impact company performance and long-term value creation, such as human capital and climate.

The company's auditors shall be elected by the annual general shareholders' meeting and shall act in the interest of shareholders. To ensure this, the auditors' independence is paramount. Annual audits of the financial statements performed on behalf of shareholders shall be required for all companies. The audit shall be carried out by independent, external auditors who shall be proposed by or with the assistance of the audit committee of the board for approval by shareholders.

The company's interaction with the external auditor shall be overseen by the audit committee on behalf of shareholders. To limit the risk of potential conflicts of interest, non-audit services and fees paid to auditors for non-audit services shall be both approved in advance by the audit committee and disclosed in the annual report.

The annual audit shall provide an external and objective opinion of the financial statements' fair presentation of the financial position and performance of the company in all material

respects, give a true and fair presentation of the affairs of the company and duly comply with current law and regulations.

The board and, where required, appropriate representatives of the company shall, on a regular basis, confirm the accuracy of the company's financial statements or financial accounts, as appropriate, and the adequacy of its internal controls. Using efficient procedures and acting independently of the company's executive management, the company's board shall annually evaluate the audit and the relationship between the auditors and the executive management as well as the relationship between the auditors and the board. This evaluation shall be reported to the Nomination Committee ahead of the election of auditors.

The board shall also ensure that the procurement of the audit service and other consulting services from the company's auditors does not compromise the auditors' independence.

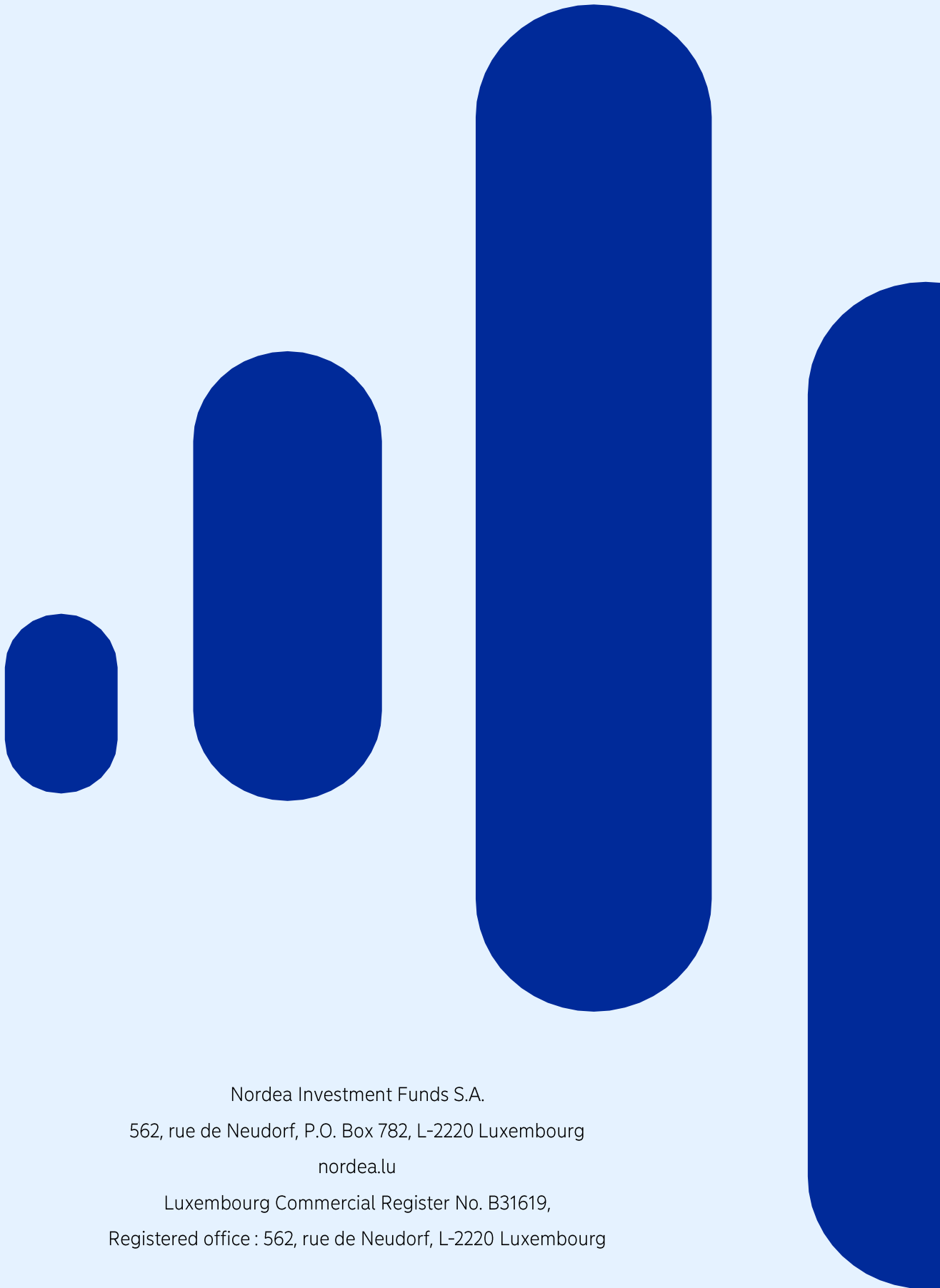
The scope of the audit shall be as stipulated by current legislation, and shareholders with the right to expand the scope of the audit should do so if deemed necessary.

The external auditor should act in an independent manner. We will consider the auditor's independence and any concerns about the accounts or audit procedures. Excessive non-audit-related fees represent a potential conflict of interest and should be avoided.

We expect:

- The tenure of an auditor to be assessed to ensure rotation for independence in line with market best practice.
- Fees paid to the auditor for non-audit services not to exceed 50 per cent of the total fees paid over two consecutive years.
- The auditor to be named prior to the shareholders' meeting at which the auditor is to be appointed.
- Replacement of an auditor to be explained.





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