May 2022

Nordea ASSET MANAGEMENT

Nordea Investment Funds S.A.

SRD II disclosure report

(covering the 2021 year)

1. General

Nordea Investment Funds S.A. ("NIFSA") is a Luxembourg asset manager and wholly owned subsidiary of Nordea Asset Management.

As part of NIFSA's regulatory obligations and its efforts to ensure effective and sustainable shareholder engagement, NIFSA has adopted an engagement policy (the "Policy"). The Policy provides the funds' stakeholders with an overview of how NIFSA intends to ensure compliance with Article 3g of the Shareholder Rights Directive II (''SRD II'') and adherence to Article 1 sexies 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. The Policy is at all times available on Nordea's website.

This SRD II disclosure report has been executed as part of NIFSA's regulatory obligation with the intention to publicly disclose information about the implementation of the Policy, including:

- A general description of voting behaviour.
- An explanation of the most significant votes.
- The use of the services of proxy advisors.
- How votes have been cast in the general meetings of companies in which shares are held.

Active corporate governance is a central aspect of NIFSA's duty on behalf of shareholders and must always be conducted in their interests. Our guidelines relating to these issues are brought together in the document corporate governance principles (the "Corporate Governance Principles"). These 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"). The Corporate Governance Principles are available to read on Nordea's website and summarise our view on a range of governance issues such as board appointments, compensation issues and sustainability.

Corporate governance work is conducted actively in all Nordic countries and internationally. In 2021 NIFSA voted at the general meetings of companies based in over 60 countries, with a predominance of Nordics, the US, the UK and China, and an increasing percentage in emerging economies.

The voting portal (the ''Voting Portal'') provides detailed information about how the Corporate Governance Principles have been implemented through votes during the year. The votes are logged within 24 hours, and the information is so detailed that it is possible to see each individual vote. The Voting Portal can be found here: https://vds.issgovernance.com/vds/#/NzI0Nw==/

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

2. A general description of voting behaviour and 2021 voting season overview

We believe that active ownership is a powerful way to protect shareholder value, enhance long-term returns and foster positive change. We are convinced that ensuring good ESG practices in our Funds' holdings is an important part of safeguarding the long-term interests of shareholders and society. When we want to improve a company's management of its ESG risks, we exercise our ownership right to support and influence the company.

Sound corporate governance contributes to shareholder value and adds value to equity investments. Our corporate governance team (the ''Corporate Governance Team'') is responsible for defining and executing our Corporate Governance Principles. Our Corporate Governance Principles guide the way we vote and in which issues we decide to engage with companies.

Every year, we vote and engage on a myriad of issues and on some we have a focused stance. For instance; we strongly believe that the Chief Executive should not be the same person as the Chairman of the board. One of the most important tasks of a company's board of directors is to oversee and evaluate top management, and in our view this aspect potentially becomes compromised if there is a CEO/Chairman of the board combination. Over the last couple of years, we have supported many proposals to split the roles, including in companies like Cisco, Facebook and Amazon.

We regularly engage with companies to explain our voting rationale, and we try to be as proactive as possible to get companies, if possible, to alter proposals in line with our principles. Furthermore, we are strict when it comes to remuneration proposals containing time based awards. Just showing up for work should not be the foundation for a long term incentive program, and accordingly we disapprove of any pay package containing a large part of time based compensation.

We see an increasing number of non-financial KPIs being introduced into compensation programs, which we expect to see more of in the future. Our view is that it enables the company to tie part of the compensation to, for instance, ESG-related criteria – but it is important that the criteria's proposed are relevant, transparent and the goals challenging.
We also generally vote against any proposal to limit minority rights, such as higher threshold to call extraordinary general meetings, or limiting the ability for shareholders to vote or express their views. We are happy to see an increasing number of shareholder proposals regarding lowering such thresholds, and we generally support such initiatives.

Generally we focus on companies in which we can have a significant impact, such as firms in which we have a substantial ownership share or if we have a large aggregated position. ESG issues are also high on our agenda, and we strive to put extra emphasis on companies which we own in our sustainability tilted products. It is interesting and encouraging to see the number of shareholder proposals on climate and social issues continue to increase over time. The Corporate Governance Team works very closely with the responsible investment team and the portfolio managers to align the stewardship work on these and all other issues.

It is often important to discuss issues on which NIFSA's views differ from the board's proposals before the general meeting to give the company the opportunity to change the proposal. Some companies asked additional questions about the application of voting instructions to clarify our view. A number of companies also explained their general meeting proposals in accordance with Nordea's voting instructions more actively than before, while other companies chose to change their proposals. Together with other institutional investors we have also convinced companies to withdraw proposals that were impossible for us to support and instead put forward revised proposals. NIFSA takes a positive view of close contacts between companies and large owners regarding proposals at general meetings.

- **Environmental issues**

This season we have seen an increasing number of ESG proposals in our portfolio companies. One such example is the ExxonMobil co-filed shareholder proposal, which requested the company to report on how its direct and indirect lobbying aligns with the Paris Climate Agreement goals. In line with the ambition to reach net zero by 2050 we have also supported proposals asking companies to join the International Investor Coalition Net Zero Asset Owner Alliance, as well as proposals on goals and plans to align to the Paris Agreement. Many such proposals can be seen in our table as outlining examples of significant votes, including our vote in Equinor, which supported a proposal to set targets aligned with goal of the Paris Agreement covering short-, medium-, and long-term greenhouse (GHG) emissions of the company's operations and the use of its energy products (Scope 1, 2 and 3) and to report at least annually on the progress, strategy, and underlying policies. The rationale in this case was that we want to signal the importance to include these type of targets in the energy transition plan that they will submit to future annual meeting.

- **Social proposals**

Especially in American companies we see a steady increase in shareholder proposals on social issues, often related to diversity and human rights. This year we supported proposals in the social category in, among others, Facebook, Alphabet and Twitter. The proposals focused on a requirement to find Independent Director Nominees with human- and/or civil rights experience. These companies have faced multiple issues in the human rights area, including the handling of hate speech and possible detrimental effects on civil rights stemming from the companies' technology, which pose a risk to shareholders. At the Amazon annual general meeting (''AGM'') we supported a proposal on a Civil Rights Equity, Diversity and Inclusion Audit after a string of lawsuit from employees alleging discrimination.

3. An explanation of the most significant votes and how votes have been cast in the general meetings of companies in which shares are held

The ongoing pandemic has had a significant impact also on corporate governance in general and on voting in annual general meetings in particular. Sadly, we have not been able to physically attend as many general meetings as we normally would, but instead focused on providing support to companies on, for example, dividend policies and remuneration implications.

During 2021 we voted at over 4200 general meetings/extraordinary general meetings on thousands of proposals, including ESG issues such as climate, data privacy, diversity, as well as remuneration programmes and capital structure. This is a big upward shift from 2020, and reflects our ambition to vote in the majority of all AGM/EGMs in our portfolio companies, and the outcome in 2021 is well above our target of 90% of possible voting.

Increasingly we are being invited by companies in the Nordics to join their nomination committees. Membership of nomination committees is a very efficient way to engage with the companies we have large holdings in, and it enables us to drive real change – for instance on the board gender ratio. For the 2021-22-season, we expect to join more than 40 such committees, in line with previous years. We also strive to introduce ownership-led Nomination Committees in other countries, and we have been successful several times in doing so.

For information about significant votes during the year 2021, please see Appendix A - examples of significant votes 2021 and the Voting Portal : https://vds.issgovernance.com/vds/#/NzI0Nw==/

The criteria defined by NIFSA for a vote to be considered ''significant'' is based on:

- The company shall be held in actively managed funds.
- The proposal should have a material impact – either on the structure or the strategy of the company.
- The proposal shall be identified as either a principle, as defined in our Corporate Governance Principles, or as a Responsible Investment objective.
- The proposal might have far-reaching prejudicial impact in our voting and/or engagements,
- The outcome for the company might have far reaching media- and/or industry implications.
- Shareholder proposals are in many instances more significant for the company then proposals by management.
- Large percentage of ownership held by us of course makes a vote more significant – and so does joint shareholder initiatives.
- We have received questions from clients and beneficiaries on a proposal of importance to them.

Not all criteria are necessarily fulfilled when deciding upon what is a significant vote, taking into account a subjective factor. Such sensible approach enables us to showcase a wide variety of different proposals.

4. The use of the services of proxy advisors

Institutional Shareholder Services (''ISS'') and Nordic Investor Services are selected to provide proxy voting services after a thorough benchmarking and request for proposal process that included the major providers of proxy voting services. We perform regular due diligence to ensure operational integrity, quality of research and implementation of the Nordea custom voting policy. During 2021-22 ISS and Nordic Investor Services will merge. Our overall goal is to either proxy vote, attend, or vote by other means at a majority of all possible general meetings. Our goal is above 90% and for 2021 season we fulfilled this with a large margin. Failure to fulfill votes is mostly due to either technical difficulties, local practices, share blocking and other operational limitations on a local level.

Appendix A - Examples of significant votes 2021

COMPANY	DATE OF VOTE	SUMMARY OF THE RESOLUTION	OUR VOTE	RATIONALE FOR THE VOTING DECISION	OUTCOME
Facebook	26-May-21	Require independent director nominee with human and/or civil rights experience (shareholder proposal)	FOR	Significant risks to shareholders stemming from severe and material ESG controversies have been identified at the company, which reflects poor board oversight of ESG risks, including human rights risk as well as concerns regarding the effectiveness of the company's content governance. In addition several of board members are being questioned on the basis of poor company ESG risk oversight by the board.	AGAINST
Royal Dutch Shell	18-May-21	Request Shell to set and publish targets for greenhouse gas emissions (shareholder proposal)	FOR	We voted for both the Energy Transition Strategy and the “Follow This”-resolution on Paris-aligned targets since it was the best way to both 1) indicate that their strategy and targets are not sufficient, and also 2) not halting the very, very significant progress that the company has made and is making.	AGAINST
Equinor	11-May-21	Instruct Company to set short, medium, and long-term targets for greenhouse gas emissions of the company’s operations and the use of energy products (shareholder proposal)	FOR	We support this to signal the importance to include these type of targets in the energy transition plan that they will submit at the AGM 2022.	AGAINST
Amazon	26-May-21	Oversee and report on a civil rights, equity, diversity and inclusion audit (shareholder proposal)	FOR	An independent racial equity audit would help shareholders better assess the effectiveness of Amazon’s efforts to address the issue of racial inequality and its management of related risks, particularly in light of recent discrimination lawsuits.	AGAINST

Twitter	24-jun-21	Require independent director nominee with human and/or civil rights experience (shareholder proposal)	FOR	A director with human and/or civil rights expertise as a core part of their previous professional experience, training, or education, would be of value to Twitter given the human rights risks of its current general operations. Such a director could enhance the board's oversight of human rights-related risks.	AGAINST
ExxonMobil	26-maj-21	Report on Climate Lobbying (shareholder proposal)	FOR	Nordea co-filed this precatory proposal requesting that ExxonMobil reports on how the company's direct and indirect lobbying aligns with the Paris Climate Agreement goals. The company and its shareholders are likely to benefit from such a review, especially in light of the increasing risks to the company related to climate change.	FOR
Netflix	03-jun-21	Advisory vote to ratify named executive officers' compensation	AGAINST	Following low support for this proposal for consecutive years, the compensation committee engaged with shareholders but did not make any material changes to the pay program, indicating poor responsiveness. We think that bonuses and share based incentives only should be paid when management reach clearly defined and relevant targets which are aligned with the interest of the shareholders.	FOR
Alphabet	02-jun-21	Report on risks related to anticompetitive practices (shareholder proposal)	FOR	At the Alphabet AGM we supported a number of shareholder proposals, besides Report on risks related to anticompetitive practices, such as Require Independent director nominee with human and/or civil rights experience, report on takedown requests and report on whistle-blower policies and practices. Management voting recommendations was against on all these proposals. The dominant position of Google, its impact on society and integrity of individuals is very important for us as investors.	AGAINST
LUKOIL	24-jun-21	Elect Sergei Shatalov as Director	AGAINST	Sergei Shatalov is Chair of Strategy, Investment and Sustainability and we have , together with other Investors, engaged with the company since 2017	FOR

				due to poor human rights performance but with little progress.	
Republic Service	21-may-21	Report on integration ESG Metrics into Executive Compensation Program (shareholder proposal)	FOR	We engaged with the company on this issue as well as the Company's climate goals. We think this is important since the company has several ESG-related controversies, and several peers have started integrating ESG metrics into executive compensation programs.	AGAINST