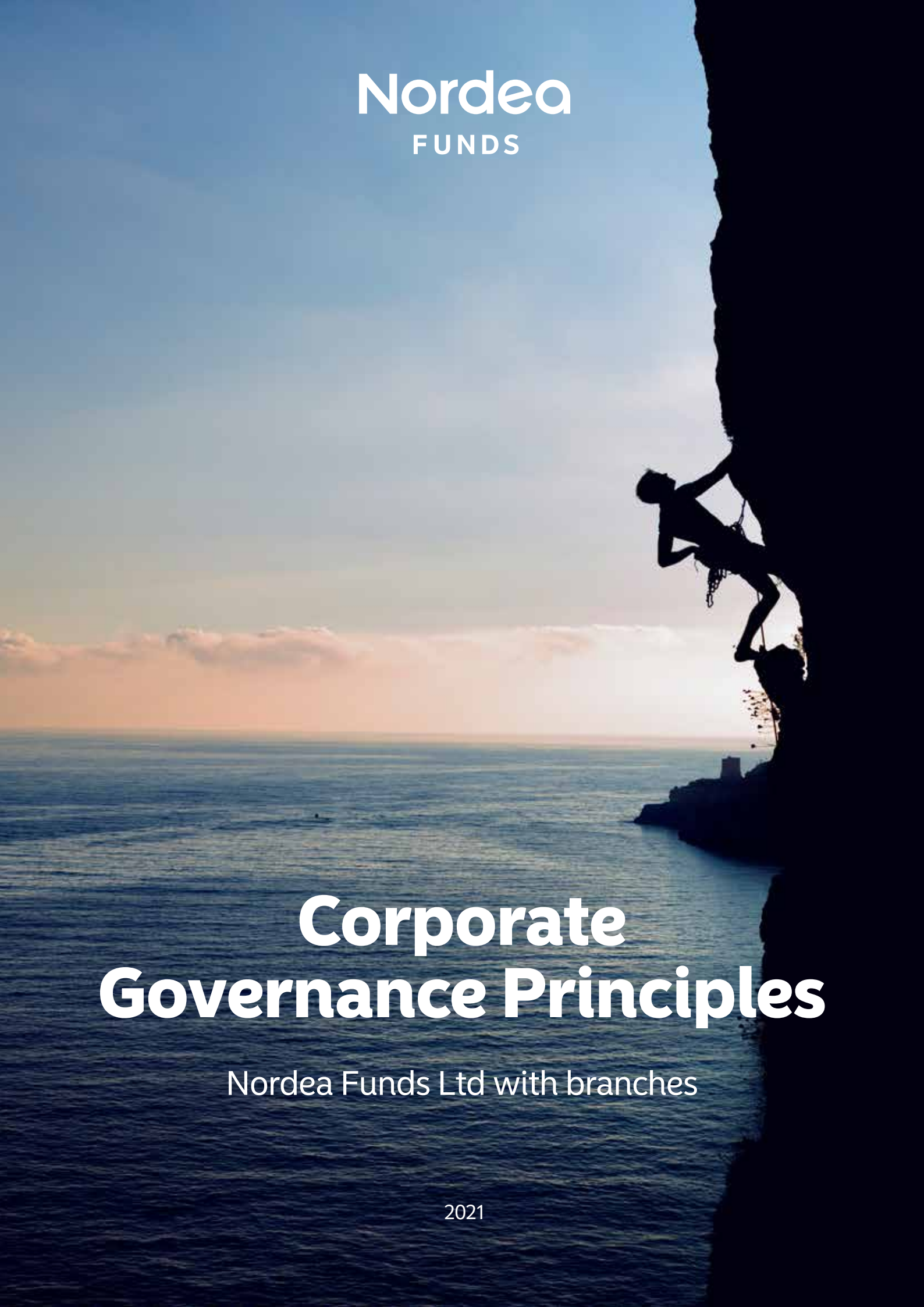


Nordea
FUNDS

Corporate Governance Principles

Nordea Funds Ltd with branches

2021

Index

Corporate Governance Principles

Nordea Funds Ltd (The Management Company) has adopted the following corporate governance principles with regards to its holdings in the Nordic market and globally. The principles are grounded on those adopted by the International Corporate Governance Network[1], which in turn bases its principles on the OECD's Principles of Corporate Governance. These principles shall be seen as overall guidelines for corporate governance to be applied by Nordea's funds on a pragmatic basis, as they may, in individual cases, have to be adapted to local laws and regulations.

The Management Company form part of the Nordea Group, a financial institution in the Nordic region. Among other things, these Principles provides Nordea Funds Ltd's stakeholders with an overview on how Nordea Funds Ltd 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). Nordea Funds Ltd share the view that there is a general need for larger shareholder involvement and active participation in the companies in which they hold shares (i.e. the investee companies).

The guidelines apply to all funds managed by Nordea Funds Ltd and its branches. Nordea Funds Ltd will henceforth be referred to as Nordea's funds in this Principle-document.

Corporate Governance in Nordea Funds Ltd

Nordea's funds believe that sound corporate governance contributes to shareholder value and adds value to equity 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.

Corporate governance deals with the relationship between shareholders and the boards and executive management of companies. Where all funds managed by Nordea's funds are concerned, corporate governance shall be exercised on the basis of the shareholders' common interest in good returns.

The Nordea's funds generally consider that exercising sound corporate governance is crucial to creating value in the companies. As a significant owner in several listed companies, Nordea's

funds play a key role in promoting the companies' progress towards better results by being an active owner. This is achieved by participation in nomination committees, participation in shareholders' meetings, voting in general meetings and through regular dialogue with the companies concerning key ownership issues as well as other ways of engagement. 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. Nordea's funds strive to enhance proper corporate governance practices by working with other institutions and join working groups - such as the Institutional Owners Association in Sweden.

Disclosure, transparency and dialogue

Companies shall disclose relevant and material information concerning the company on a timely basis. Besides financial and operating results, company objectives, risk factors, stakeholder issues and governance structures, the information shall include a description of the relationship of the company with other group companies, data on major shareholders and other parties that control or may control the company, including information on special voting rights, shareholder agreements, the beneficial owner of a controlling interest or of large blocks of shares, significant cross-shareholding relationships and cross-guarantees, as well as information on differential voting rights and related party transactions.

This information is the basis on how Nordea's funds monitor its investee companies. Nordea's funds monitor in particular the companies' strategy, financial and non-financial performance and risk, capital structure, Environmental, Social and Governance factors (henceforth "ESG"), board composition, renumeration practices and capital mandates, among other things. When needed, Nordea's funds strive 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.

A fundamental part of corporate governance is dialogue between Nordea's funds and the companies invested in. This is done on a multitude of levels, including the portfolio manager 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.

Nordea's funds might deem it necessary to escalate a corporate governance issue. Normally, the issue is discussed with the company in question, trying to make our point to the executive management and/or the Board of Directors. If this avenue does not yield any result, a vote against the issue at the AGM might be warranted and the motive explained to the other owners, either at the AGM or before. If necessary, making common cause with other owners to increase voting power might be an option, as well as discussing the issue with other stakeholders. Nordea's funds might also either propose or join other owners' shareholder proposals. The corporate governance function has the mandate to escalate according to these principles and might refer decision on course of action to the Corporate

1. The International Corporate Governance Network 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.

Governance Committee in the cases where the principles do not give enough guidance. The issue might from there be escalated to the Nordea Funds Board of Directors, if deemed necessary.

Voting and engagements

Nordea's funds have an aggregated voting strategy, meaning that we strive to vote for as large part of our total holdings in any given company as possible. We vote both by proxy and by attending annual general meetings (and extraordinary general meetings when applicable). Nordea's Funds utilize two external advisors; Institutional Shareholder Services and Nordic Investor Services (henceforth "ISS" and "NIS"). ISS is used for proxy voting, execution as well as research, while NIS is mainly used for analysis.

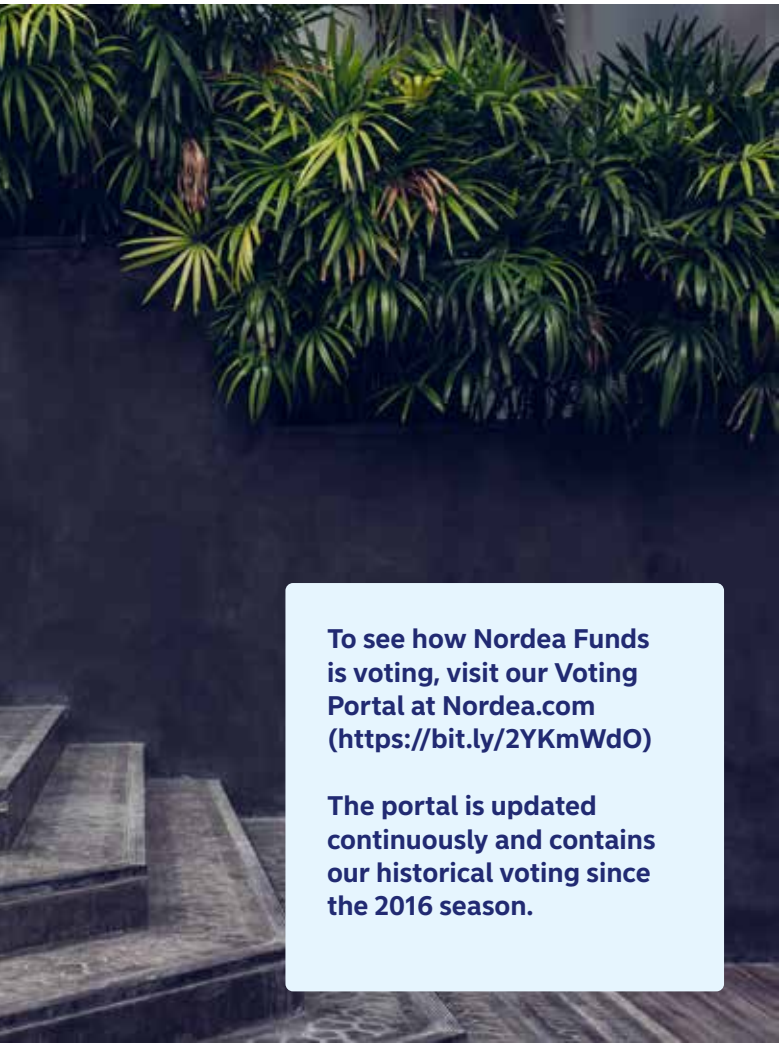
Nordea fund's use a methodology when deciding which companies to vote in, primarily based on the value of the holding and the ownership level in the specific company. Other factors include if there are any specific ESG reason, if the company needs support or if we have an ongoing engagement. In companies in which Nordea's funds have a very limited opportunity to enact changes, or if unable to efficiently utilize shareholder rights, Nordea's funds might choose not to vote or engage.

Securities lending. At the time of the creation of these principles, there were no securities lending program in action. Nordea's funds shall strive to vote for as large proportion of its holding as possible. However, if it is in the best interest of our unitholders that securities remain in a securities lending program – Nordea's funds are not obliged to remove them from any potential lending program.

Insider information. Nordea's funds generally strive 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 unitholders that the company is made an insider – there are policies and structures to make sure that the information is handled in a controlled and proper way.

Disclosure of voting and engagements

A full voting record, and historical record, can be found on Nordea's funds' Voting Portal. We are fully transparent in our voting. Nordea's funds publish a summary of our corporate governance activities in our annual report, as well as on the Voting Portal. Nordea's funds are also transparent as to which companies we will vote in and our holdings in individual companies, as well as on Nomination Committee membership.



To see how Nordea Funds is voting, visit our Voting Portal at Nordea.com (https://bit.ly/2YKmWdO)

The portal is updated continuously and contains our historical voting since the 2016 season.

Conflict of interest

In all its activities, Nordea's Funds shall act in the best interests of the customer, and act honestly, fairly and professionally. Nordea's Funds shall ensure that all its Employees have the sufficient skills and awareness of what constitutes a Conflict of Interest and what measures are required when a Conflict of Interest has been identified.

The Board of Directors of Nordea Funds Ltd has adopted a Board Directive on Conflicts of Interest and Inducements for the purpose of taking all reasonable steps to prevent conflicts of interest.

The instructions set forth the organizational and administrative procedures to identify, prevent and manage Conflicts of Interest in order to ensure that the unitholders' best interest is always considered and to prevent that unitholders' interests are damaged by Conflict of Interest. On an ongoing basis, all employees in the fund company are responsible for assessing potential Conflict of Interest that may arise as part of its normal day to day business. Where such conflicts cannot be avoided, Nordea's funds will identify, manage and monitor the conflict.

A review of all identified potential Conflicts of Interests are conducted, at least, on a yearly basis to ensure that preventative measures are deemed sufficient to ensure unitholders' best interest is not damaged.

If the preventative measures are not sufficient to prevent or manage a Conflict of Interest, the Nordea's funds will disclose to the unitholders 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 unitholder.

Nordea's funds also have internal rules and controls that prohibit employees to have external engagements that interfere with their ability to perform their duties and functions or undermine trust and confidence in Nordea.

The Corporate Governance unit is responsible for the operational governance work and reports to the Corporate Governance Committee, which is a committee to the Nordea Funds Ltd Board of Directors. A majority of this committee shall be independent of Nordea Funds Ltd to mitigate any conflict of interest between the unitholders and Nordea Funds Ltd.

General Principles

The following principles shall be regarded as what Nordea's Funds believe to be best practice. Of course, national characteristics, traditions, laws and regulations differ between the markets we invest in, and pragmatism shall be a guiding principle in our 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 company's 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. 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 the vote. The right and opportunity to vote at shareholders' meetings hinge 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.

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 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.

The equity component of remuneration programmes for board members and employees shall be subject to shareholder approval. However, Nordea's funds 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 properly counted and recorded. Companies shall make a timely announcement of the outcome of a vote.

Board of Directors' responsibility

The Board of Directors is responsible for the company's organisation and for managing the company's affairs. The Board of Directors has a duty of responsibility to all shareholders. Board members shall pay particular attention to their responsibility when conflicting interests between shareholders could perceivably exist. These principles do not advocate any particular board structure and the term "board" as used herein is intended to embrace the different national models of board structures. In the typical two-tier system, "board" as used in the principles refers to the "supervisory board" while "key executives" refers to the "management board". Although not totally appropriate terminology for a supervisory board in the context of a two-tier board, the term "director" is interchangeable with the term "board member".

As representatives of the shareholders, the Board of Directors is responsible for supervising the executive management. In order not to impede the Board of Directors' ability to exercise control, the board's chairperson shall not concurrently be responsible for the executive management.

Efficient board work is a prerequisite when creating value for shareholders, and therefore a well-composed board and well-organised board work is important. To promote this long term and to provide a basis for the nomination of the members, the work and performance of the Board of Directors should be reviewed annually. The review should be conducted in a structured way and aim to evaluate the board's collective performance as well as the contribution and commitment of individual board members.

Duties of the board.
The board's duties and responsibilities and key functions, for which they are accountable, include those set out below:

Reviewing, approving and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.

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 to enable it to discharge its duties and responsibilities.
Directors are Fiduciaries	Members of the boards of directors or supervisory boards are fiduciaries who must act in the best interests of all of the shareholders and are accountable to the shareholder body as a whole. As fiduciaries, 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 Directors 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 chairman 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 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	Every 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 conflicts of interest directors may have.
Board evaluation	Every Board of Directors 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. Nordea's funds generally believe that ownership of shares by individual board members in the company concerned is positive.
Diversity	A board should be diversified on gender, experience, age and other factors. A board should preferably be made up by at least 40 percent of either gender.

Nomination procedure

Each Board of Directors is composed on the basis of the company's specific situation. The number of board members, the members' 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 assignment.

Corporate governance can be exercised through participation in forum which dictates board composition – such as a nomination committee made up of the largest owners, as is the norm in some Nordic countries.

The nomination procedure shall be conducted in a way that is clear and well-communicated to all shareholders. In those markets where this is the norm, nomination of the 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 chairman. Nordea's funds strive to accept all nomination committee attendance requests, unless there are specific reasons not to attend.

Remuneration to the Board of Directors

The Board of Directors' overall remuneration and benefits shall be decided by the annual general shareholders´ meeting. Considerations related to the company's size and complexity, the 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. However, Nordea's funds are generally negative to board members receiving options issued by the company. Information about the total remuneration to each board member from the company and related parties or the group shall be published in the annual report.

Audit

The company's auditors shall be elected by the annual general shareholders' meeting and shall act in the interest of the shareholders. To ensure this, the auditors' independence is of the highest importance.

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 the shareholders. The company's interaction with the external auditor shall be overseen by the audit committee on behalf of the 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 on 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 of Directors 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 of Directors 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 of Directors. This evaluation shall be reported to the nomination committee ahead of the election of audtors.

Make sure that the procurement of the audit service and other consulting services from the company's auditors does not compromise the independence of the auditors.

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.

Remuneration to executive management and incentive programmes

Each Board of Directors should establish and clearly communicate a long-term policy for the company's remuneration and benefits system for executive management and key employees. In this policy, stances on the following four components and justification thereof shall be described and holistically addressed:

- **fixed salary**
- **variable remuneration**
- **pensions**
- **other remuneration**

Each Board of Directors is responsible for ensuring that overall remuneration to executive management is appropriate and reasonable, aligned with the strategy of the company and that it promotes a sound performance for the company in the long term. The Board of Directors should particularly report on how it has taken account of any risks related to the remuneration structure. The remuneration shall be drawn up in such a way that the executive management's interests are aligned with those of shareholders to the greatest possible extent.

Nordea's funds are amenable to incentive programmes, which align to a high degree the interests of the management and the employees with the interests of shareholders. Appropriately devised incentive programmes constitute useful instruments for the creation of added value for shareholders. Participants in the incentive programme shall hence be exposed to both appreciation and depreciation of the share value. Incentive programmes shall be clearly linked to performance at both individual and company level and shall also aim at long-term share ownership. Provided that clearly operations-related goals or explicit and relevant reference measurements are achieved, the incentive programme may result in shares or options for management and staff.

Nordea's funds recommend that shares normally constitute an essential component in the incentive programme.

Properly devised remuneration systems shall, in an uncomplicated, clear and transparent manner, aim to achieve a better performance and increase value for shareholders. Governing factors shall be clearly formulated in advance, measurable and possible to influence for the employee, and the system shall be easy to understand. The outcome should depend on the fulfilment of business-related performance requirements which shall be transparent and robust over time. Furthermore, a variable remuneration system should be structured in such a way that costs to the company are lower in the event of poor results.

Long-term remuneration programmes should be devised in such a way that management and employees are exposed to both upturns and downturns in the share's value and should also aim to achieve long-term ownership of shares. Nordea's funds take a positive view to the participation of management and employees with their own contributions in long-term remuneration programmes.

Proposals that involve long-term remuneration programmes being based on shares or share-related instruments in unlisted subsidiaries shall be avoided in order for the interests of management and employees to be aligned as far as possible with those of the shareholders.

Pension benefits should be based on a defined contribution plan, and all pension expenses shall be recorded during the active term of the employee.

The overall remuneration should have a predetermined cap on maximum outcome and a possibility for the Board of Directors to regulate the

outcome by, for instance, a clause in the event of the outcome appearing unreasonable or a claw back clause.

The matters submitted to the shareholders' meeting shall always include, not only such matters which by law shall be dealt with by the meeting, but also other decisions concerning incentive programmes that can be considered to be of material significance to the shareholders.

The Board of Directors should in particular conduct an annual evaluation of how the existing remuneration system corresponds to its specific purposes and the strategy of the company and how it contributes to better performance and added value. This evaluation should be communicated to the shareholders.

The matters submitted to the shareholders' meeting shall always include, not only such matters which by law shall be dealt with by the meeting, but also other decisions concerning the incentive programme that can be considered of material significance to the shareholders.

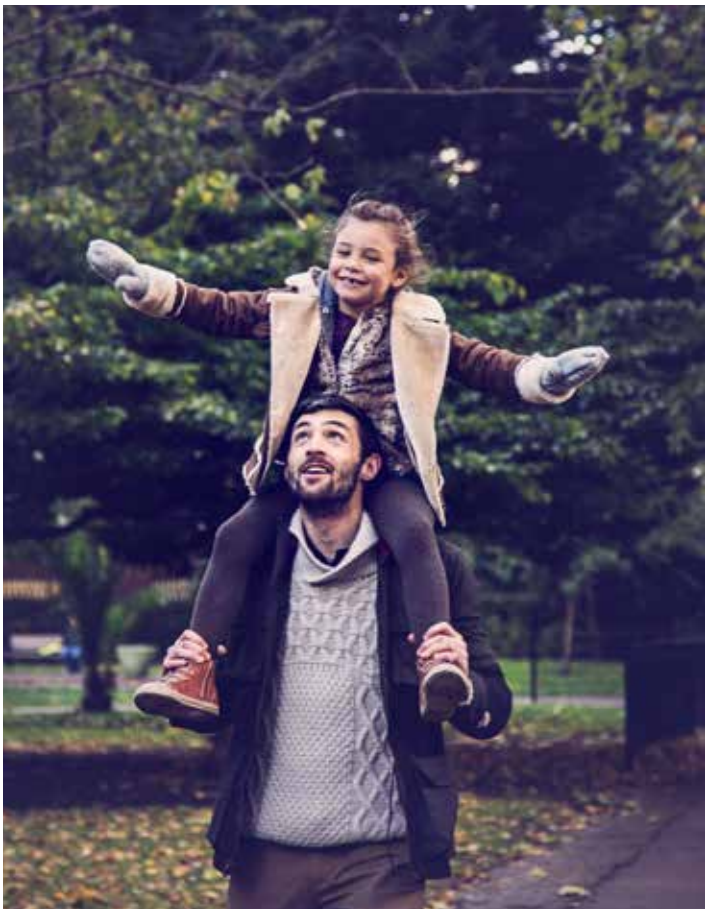
Preparing decisions

The Board of Directors' proposals for decisions should be prepared in such a way that the participants in the programme do not have any dominant influence on how the programme is devised. Before decisions at the annual general meeting (AGM), the Board of Directors should in particular describe how the matter has been prepared. In the event of participants in the programme acquiring not insignificant influence over decisions at the AGM ensuing from their own share ownership, this state of affairs should be reported before the meeting.

Disclosure

The motivation and structure of any program should be available to shareholders, in a comprehensive and easy-to-understand format.

Matters related to capital structure



Distribution of capital

Capital exceeding the company's needs in relation to established strategies shall be distributed to shareholders. Nordea's funds are in favour of dividends or redemption as capital repatriation methods. If there are special reasons 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 intend to sell them for cash at a later date, the existing shareholders should then have pre-emptive rights.

Private placements without preferential rights

Nordea's funds believe that existing shareholders generally should have preferential rights to subscribe for new shares. Directed new share 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 of Directors 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 ten percent of the company's capital should be avoided unless otherwise specifically justified by the company's specific situation and needs for the duration of the authorisation period.

Nordea's funds believe that companies shall actively work to attain a well-balanced capital structure. In decisions on changes to the capital structure, the owners of shares with the same economic rights shall be treated equally.

Public offers

Equal price in public offers to acquire shares

Nordea's funds believe that shares carrying equal rights to the company's assets and profits shall be treated equally in public offers to acquire shares. The fundamental principle shall be that the same price is offered for shares with the same economic rights.

Shares shall be freely transferable

The same classes of shares shall, without restrictions by clauses in the articles of association, be freely transferable.

Our line 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.

Environmental, Social and Governance (ESG) aspects

As a responsible investor, Nordea's funds believe that Environmental, Social and Governance (ESG) issues may impact the value and reputation of entities in which we invest. Nordea's funds expect investee companies to 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 returns.

Assessment of shareholder ESG proposals are made case by case. This assessment analyses the relevance and adequacy of the requests i.e. whether approval of the resolution supports better company's practices or shareholder value, whether the company's current stance on the topic is likely to have negative effects in terms of litigation and reputational damage and whether the company has already put appropriate action in place to respond to the issue contained in the resolution.

Generally, our line 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. On climate proposals that require companies to disclose information about its governance, strategy, risk management and targets related to climate-related risks, Nordea's funds will generally be positive. Our voting power will be uses in cases of company's failure to appropriately manage or mitigate ESG risks or when there is a lack of sustainability reporting in the company's public documents. One component of how Nordea's funds may exercise shareholder rights is filing and co-filing of shareholder resolutions to put ESG issues to the vote at an annual or extraordinary general meeting.

Nordea's funds consider disclosure of policies, strategies and performance data with respect to environmental and social issues as well as impact assessments of specific projects or operations to be the first step towards better management of associated risks. Those include risks related to business behaviour, climate change, diversity, water, and human right violations.

Climate poses significant investment risks and opportunities to many companies are thus encouraged to align with the Paris agreement. Financial Stability Board's Task Force on Climate Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) sector-specific disclosure standards provide useful guidance to companies on identifying, managing, and reporting on climate-related risks and opportunities. Companies are expected to help their investors understand how the company may be impacted by climate change and implement their governance around this issue through their corporate disclosures. For companies in sectors that are significantly exposed to climate-related risk, management and oversight functions are expected to demonstrate an in-depth understanding of how climate risk affects the business, and how management approaches adapting to, and mitigating that risk. Such companies should provide full disclosure on their carbon emission, reduction targets and their commitment to combat climate change.

The Board should be aware of the company's governance practices, environmental practices, and social practices, systematically monitor their effectiveness, and adhere to applicable laws. The Board should embody high standards of business ethics and oversee the implementation of codes of conduct to ensure integrity within the company. All directors should be informed and active on sustainability issues, but there might be value of a focused sustainability committee in certain cases.

At executive level, companies should showcase evidence that sustainability is embedded in operational and strategic decisions. Ideally, it should be part of the competencies of a member of the management board/ C-suite. Furthermore, evidences should show that the sustainability function is embedded into the organisation in a way that allows it to have appropriate influence and is not a purely communication-centred role.

Nordea's funds may vote against the re-election or discharge from liability of directors deemed responsible for realised harm to shareholders' interests or for taking insufficient steps in relation to a significant environmental or social issue.

Dialogue with companies around ESG issues is important, and it might be deemed necessary to start a dialogue with companies before the voting season in relation to material ESG risks and opportunities, and then continue with a more in-depth engagement to achieve a required change in corporate governance. In some circumstances, a vote against a management resolution as an escalation strategy will be warranted followed by expressed dissatisfaction following unsuccessful engagement on ESG issues.

Nordea's funds are an active member of formal groups and initiatives internationally that facilitate communication between shareholders and companies on corporate governance and social, business behaviour and environmental matters. These organizations include the PRI (the United Nations-supported Principles for Responsible Investment), the IIGCC (International Investors Group on Climate Change) and the ICGN (International Corporate Governance Network).

Companies are expected to align their policies and practices with the principles of the UN Global Compact on Human Rights, Labour, Environment and Ethical Behaviour, OECD's Principles of Corporate Governance, the UN Sustainable Development Goals, the International Corporate Governance Network's Global Stewardship Principles and the UN Guiding Principles on Business and Human Rights.

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