

# Report on adherence to engagement policy 2024

## Nordea Life Assurance Finland Ltd

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Nordea Life Assurance Finland Ltd (**"the Company"**) apply the Nordea Life and Pension Engagement Policy. The policy has been established together by Nordea Livförsäkring Sverige AB, Nordea Life Assurance Finland Ltd, Nordea Liv Forsikring AS and Nordea Pension, Livsforsikringsselskab A/S, which together are referred to as Nordea Life and Pension, **"L&P"**. This report is published to confirm adherence to the L&P Engagement policy during 2024.

Active ownership is an important part of L&P's responsible investment practices. L&P believes that engaging with its asset managers and investee companies, as well as exercising shareholder rights by voting to ensure strong environmental, social and corporate governance (ESG) practices, is an essential part in safeguarding the long-term interests of customers, shareholders and society at large.

### Engagement

L&P is an asset owner and invests its assets mainly through funds. Therefore, our engagement activities are primarily focused on asset manager engagement, and secondly on engagement with companies. We take a risk-based approach when prioritizing asset managers to engage with and thematic engagement topics to cover.

Our engagement activities always consider severity and relevance of issues. Engagement during the year has been both proactive and reactive.

### Engagement with asset managers

Engaging with asset managers on requirements and ambition levels is an effective tool to drive positive change within the investment industry. In its role as an asset owner, L&P has the opportunity to make conscious choices when selecting asset managers in the first place. One example is L&P's expectations on asset managers to commit to achieving net zero by 2050 or sooner. At the end of 2024, 99,6 % of L&P's in-scope assets under management were covered by such commitments, equivalent to 61 % of the total number of asset managers. 100% of L&P's asset managers of liquid assets were committed to net zero by the end of the year, but among managers of illiquid assets the uptake had been slower than expected, especially in the US. At the end of 2024 50% of managers of illiquid assets had made firm-wide commitments for all their assets, up from 7% in 2021. Given the slow uptake among managers of illiquid assets, L&P engaged during 2024 with the managers not yet committed to net zero. There were 17 in total, and investments in their products were made before L&P adopted its climate targets

in 2021. Their climate work and approach were assessed with the conclusion that these illiquid asset managers showed different levels of ambition and concrete action. Based on the findings during the engagement and assessment process, the Board of Nordea Life Holding AB and L&P's executive management decided in Q4 2024 to not invest any additional capital with the asset managers that have not committed to net zero unless they change. The fund investments in question are illiquid and most of them are approaching the end-phase of the contracts. The Board and executive management therefore decided to exit these remaining investment funds in the coming years (0.3% of L&P managed AuM by the end of 2024) in a way that benefits L&P's customers, with end-2030 as the final exit date.

In addition to proactive asset manager engagement, we conduct reactive engagement with asset managers in cases of potential breaches to our RI Policy identified through screening and other topical issues. Together with the asset manager we discuss expectations on corrections needed to be able to stay invested and create a joint understanding of expectations vis-à-vis companies regarding various topics. In 2024, cases regarded e.g. insufficient health and safety measures in the mining sector, net zero alignment assessments of high-emitting companies and fast evolving sectors such as big tech. In 2025, we will continue to monitor cases not yet closed.

## Engagement with companies

The majority of L&P's assets are invested through funds and mandates where it is the asset managers who make the investment decisions and perform engagement activities in relation to underlying investee companies. When selecting asset managers L&P therefore performs a comprehensive due diligence process, where the managers' applied engagement principles and practices

are assessed to ensure that they support and do not conflict with L&P's principles. The assessments are reviewed regularly, either as a standalone exercise or as an integral part of follow-up meetings where asset managers' portfolio management, including engagements and ESG-integration processes, are discussed and monitored.

Climate change is a prioritized topic for both L&P and Nordea. As part of L&P's net-zero strategy, L&P aims to ensure that its top-emitters in the portfolio L&P manages are covered by active engagements. The top-50 emitters accounted for 50 % of L&P's total financed emissions in 2024. In 2024, 88 % of them were covered by active engagements by our asset managers. Based on our assessment of companies' net zero alignment, 40% of the top-50 emitters were either aligning or aligned with net zero emissions target at the end of the year. Overall, our asset managers had ongoing active engagements with corporates covering more than 48 % of the AuM invested in equities and corporate bonds in portfolios managed by L&P. These engagements covered different topics related to Environmental, Governance and Social (ESG) issues. More than 40% of the engagement cases concerned climate related issues, whereas biodiversity, human rights and good governance related issues each had a share of around 20 % of the engagement cases.

## Voting

As mentioned earlier, the vast majority of L&P's assets is invested in funds. In fund investments the shareholder rights of the investee companies are held by the fund and voting is based on the principles of the fund or its asset manager. When selecting and assessing funds and asset managers, L&P therefore ensures that the voting principles applied by the funds or asset managers are

aligned and not in conflict with L&P's principles.

The vast majority of L&P's fund investments are in Nordea's funds. In 2024, Nordea Funds, another part of the Nordea Group, voted at around 3 550 different Annual General Meetings, covering more than 95 % of the investee companies' shareholder meetings. Moreover, they participated in 42 nomination committees in charge of evaluating and proposing board candidates. Voting regarded various items, including issues such as climate, diversity, remuneration programmes and capital mandates. In 2024, climate-related corporate governance activities by Nordea Funds revolved around topics such as climate-related governance, strategy, risk management, targets, disclosures and lobbying practices, to drive towards alignment with the Paris Agreement. L&P benefits from this work since we are invested in many of these companies indirectly through funds and since several other investee companies are potential future investments.

Since 2020 L&P has been in cooperation with the voting team of Nordea Funds with regards to our direct holdings. This has strengthened our voting coverage for directly held equities even though the amount of our direct equity holdings has been reduced. In 2024, on Nordic level we reached close to full coverage for votable proposals at annual general assembly and extraordinary meetings with L&P entities voting on almost 1 000 proposals (8 % against management) including 38 votes on proposals related to environmental, social or corporate governance proposals (53 % against management). Climate related

proposals that we supported during the year covered issues such as science-based target adoption, disclosure of greenhouse gas emissions, physical and transition risks, climate transition planning and financial sector companies' exposure in clean energy vs. fossil fuel financing. Social and governance proposals covered topics such as transparency on lobbying, as well as equal pay, diversity, equity and inclusion and AI ethics.

## **Local section for Nordea Life Assurance Finland Ltd**

Nordea Life Assurance Finland Ltd invests in equities mainly through funds. Direct equity holdings only constituted a very minor part of actively managed portfolios in 2024. The Company had one direct equity investment in its Traditional portfolio and some direct equity investments in certain insurance-based investment products, which are not under active management. Therefore, the relevance of direct equity holdings is low. The Company conducts voting and make use of other shareholder rights based on relevance criteria.

In 2024, the Company casted votes related to direct holdings at annual general meetings of 14 investee companies. The Company voted against management recommendations on a total of 4 issues. A full list of the companies voted in can be found in Table 1, which can be cross referenced against Nordea [Voting portal](#) for a full list of items voted on. The Company has conducted its voting practices through Nordea Funds Ltd. Nordea Funds has in its voting followed corporate governance principles, which are not in conflict with L&P principles.

<b>Primary ISIN</b>	<b>Issuer Name</b>	<b>Annual General Meeting Date</b>	<b>Extraordinary Meeting Date</b>
FI0009007884	Elisa Oyj	12.4.2024	
FI0009007132	Fortum Oyj	25.3.2024	
FI0009004824	Kemira Oyj	20.3.2024	
FI0009013403	Kone Oyj	29.2.2024	
FI0009014575	Metso Oyj	25.4.2024	
FI0009013296	Neste Oyj	27.3.2024	
FI0009000681	Nokia Oyj	3.4.2024	
FI0009005318	Nokian Renkaat Oyj	30.4.2024	
FI0009014377	Orion Oyj	20.3.2024	
FI4000552500	Sampo Oyj	25.4.2024	9.7.2024
FI0009005961	Stora Enso Oyj	20.3.2024	
FI0009005987	UPM-Kymmene Oyj	4.4.2024	
FI0009003727	Wartsila Oyj Abp	7.3.2024	
FI4000252127	Terveystalo Oyj	26.3.2024	