

Report on adherence to engagement policy 2023

Nordea Life Assurance Finland Ltd

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 and Nordea Liv Forsikring AS, 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 2023.

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 2023, 99% of assets managed by L&P were covered by such commitments, equivalent to 50% of the total number of asset managers. All asset managers of liquid assets lived up to our expectation by the end of 2023 whereas the uptake had been more limited among asset managers of illiquid assets. We will continue to engage with asset managers within that asset class during 2024.

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. Together with the asset manager we discuss expectations on corrections needed to be able to stay invested. In 2023, cases regarded e.g. allegations of forced labour and insufficient health and safety measures in the mining sector. In 2024, we will continue to monitor cases not yet closed.

Another example in 2023 concerned fund investments in sovereign bonds, an engagement initiated in 2021 when our screening of fund holdings identified certain fixed income investments in countries with severe and/or systematic human rights violations. As a result, the manager strengthened its

model and analysis of human rights related to sovereigns. Since L&P wanted to see further improvements, engagement continued in 2022 and 2023 with a successful outcome when the asset manager updated the investment process for sovereigns in emerging markets in accordance with L&P's requests.

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 55 % of L&P's total financed emissions in 2023. In 2023, 88% of them were covered by active engagements by our asset managers. Based on our assessment of companies' net zero alignment, 26% of the top-50 emitters were either aligning or fully 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 30% of the AuM invested in equities and corporate bonds in L&P's managed portfolios. These engagements covered different topics related to Environmental, Governance and Social (ESG) issues¹.

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 2023, Nordea Funds, another part of the Nordea Group, voted at more than 3,700 different Annual General Meetings, covering more than 90% of the investee companies' shareholder meetings, and they participated in 39 nomination committees in charge of evaluating and proposing board candidates². Voting regarded various items, including issues such as climate, diversity, remuneration programmes and capital mandates. In 2023, 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.

¹ More information about the engagement work of our largest asset manager, Nordea Asset Management, is available online: https://media.frc.org.uk/documents/Nordea_Asset_Management.pdf

² https://www.nordea.lu/documents/esg%20-%20voting%20report/ESG-VR_eng_INT.pdf?inline=true

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 and has in 2023 on Nordic level led to close to full coverage for votable proposals at annual general assembly and extraordinary meetings with L&P entities voting on more than 5,000 proposals (14% against management) including 256 votes on proposals related to environmental, social or corporate governance proposals (69% against management). Climate related proposal 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 to the oil and gas sector. Social and governance proposals covered topics such as human rights due diligence, impact assessments and transparency on lobbying, as well as specific proposals on topics such as diversity, equity and inclusion, freedom of association, child labour and AI ethics.

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 2023. 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 2023, the Company casted votes related to direct holdings at annual general meetings of 10 investee companies. The Company voted against management recommendations on a total of 2 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.

Table 1		
Primary ISIN	Issuer Name	Meeting Date
FI0009005961	Stora Enso Oyj	16.3.2023
FI0009014377	Orion Oyj	22.3.2023
FI4000252127	Terveystalo Oyj	23.3.2023
FI0009013296	Neste Corp.	28.3.2023
FI0009000681	Nokia Oyj	4.4.2023
FI0009007884	Elisa Oyj	5.4.2023
FI0009007132	Fortum Oyj	13.4.2023
FI0009005318	Nokian Renkaat Oyj	26.4.2023
FI0009014575	Metso Outotec Oyj	3.5.2023
FI0009003305	Sampo Oyj	17.5.2023