

Report on adherence to engagement policy 2021

Nordea Life Assurance Finland Ltd

Nordea Life Assurance Finland Ltd ("**the Company**") applies Nordea Life and Pension Engagement Policy. The policy has been established together by Nordea Livförsäkring Sverige AB, Nordea Life Assurance Finland Ltd and Livsforsikringssekskapet Nordea Liv Norge AS, which together are referred to as Nordea Life and Pension, "**L&P**". This report is published on adherence to the L&P Engagement policy in 2021.

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

Engagement

L&P is an asset owner and invests its assets mainly through funds. Therefore, our engagement activities are focused on asset manager engagement. Within these engagements we prioritize thematic focus areas (such as climate change and human rights), our largest holdings and areas where we deem ESG risk to be high or elevated. Engagement has been both proactive and reactive. Our engagements are always assessed according to severity and relevance of issues.

In its role as an asset owner L&P has the opportunity to make conscious choices and set requirements on how the assets should be managed. Therefore, engagement with asset managers is seen as an effective tool to drive positive change across the investment industry. The majority of L&P's assets are managed by asset managers through funds and mandates. Funds are managed by asset managers, who make investment decisions and perform engagement activities as well. When selecting funds and asset managers L&P performs a comprehensive due diligence process, where the managers' applied engagement principles and practices are assessed to ensure that they are not in conflict with L&P's principles. The assessments are updated at least annually. The assessment is based on common criteria and not separately agreed with asset managers or funds. During the year we have also been in various dialogues with our asset managers in order to discuss their portfolio management including their engagements and ESG-integration processes. In addition to proactive asset manager engagement, we have conducted reactive engagement with asset managers in case breaches to our principles or ESG related incidents have been identified through screening of our investments.

As an example of our reactive engagement activities, we have in 2021 raised our concern with our managers on companies within emerging markets being accused of using forced labour and possible exposure to those companies in their funds. As a result, the confirmed exposures were set under quarantine for a specified time period by the manager and thus preventing their funds making any further investments in those companies. The manager keeps assessing the case further and we continue to follow up the process for further development and final conclusion.

Another engagement example concerns fund investments in sovereign bonds. In our screening of fund holdings some fixed income investments were identified in countries with severe and/or systematic human rights violations. We have approached our manager in order to discuss the issue and drive improvement in integration of human rights in their investment process for sovereigns. The manager has strengthened their model and analysis of human rights, but as we want to see further improvements the engagement is still ongoing. Our objective with this engagement is to ensure effective integration of human rights in the investment process for sovereigns in emerging markets.

As a large share of L&P's investments are invested in funds and mandates, the engagements conducted by asset managers are important with regards to corporate engagements. As part of its net-zero strategy, L&P actively works to ensure that its top-emitters are covered by active engagements. The top-50 emitters account for almost 60 % of L&P's total financed emissions, including both equity and corporate bond investments. In 2021, 50% of L&P's top-50 emitters, held in L&P's managed portfolios, were covered by active engagements by our managers. Overall, our managers had active engagements with more than 10% of corporates held in our actively managed portfolios. These engagements cover different topics related to Environmental, Governance and Social (ESG) issues.

Voting

To strengthen our approach to voting, L&P has since 2020 been in cooperation with the voting team in Nordea Funds. This has increased the share of our directly held equities where we have voted on the annual general assembly and extraordinary meetings. Nordea as a whole voted in more than 4200 different Annual General Meetings in 2021 and participated in 42 nomination committees. L&P has invested in many of these companies indirectly through 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 asset manager. When selecting and annually assessing funds and asset managers L&P has ensured that the voting related principles applied by the funds or asset managers used are not in conflict with L&P principles. Majority of L&P's fund investments are in Nordea funds and Nordea Funds Ltd has published its voting disclosure in the [Voting Portal](#) service. Voting behaviour of other asset managers is disclosed on their own websites.

Nordea Life Assurance Finland Ltd invests in equities mainly through funds. Direct equity holdings have not had a relevant part in its actively managed portfolios in 2021. The Company had some direct equity investments in its Traditional portfolio until May 2021 and in some insurance based investment products. These direct equity investments related to insurance based investment products are not under active management. Until May 2021, the Company has in its Traditional portfolio applied the transitional rule of Solvency II regulation for direct equity investments and thus held equities in a static position. This static position was closed in May 2021 and these assets were invested in funds. Therefore, the relevance of direct equity holdings has decreased even further. The Company conducts voting and other shareholder rights based on relevance criteria.

In 2021, the Company casted votes in the annual general meetings of 34 investee companies. The Company voted against management recommendations on a total of 24 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 principles, which are not in conflict with L&P principles.

Table 1		
Ticker	Company Name	Meeting Date
CAPMAN	CapMan Oyj	17.3.2021
CGCBV	Cargotec Oyj	23.3.2021
CAV1V	Caverion Oyj	24.3.2021
ELISA	Elisa Oyj	8.4.2021
ENENTO	Enento Group Oyj	29.3.2021
FSKRS	Fiskars Oyj Abp	11.3.2021
FORTUM	Fortum Oyj	28.4.2021
GLA1V	Glaston Oyj	13.4.2021
HUH1V	Huhtamaki Oyj	22.4.2021
KEMIRA	Kemira Oyj	24.3.2021
KESKOB	Kesko Oyj	12.4.2021
KNEBV	Kone Oyj	2.3.2021
KCR	Konecranes Oyj	30.3.2021
LAT1V	Lassila & Tikanoja Oyj	18.3.2021
MOCORP	Metso Outotec Oyj	23.4.2021
NELES	Neles Oyj	26.3.2021
NESTE	Neste Corp.	30.3.2021
NOKIA	Nokia Oyj	8.4.2021
TYRES	Nokian Renkaat Oyj	30.3.2021
OKDBV	Oriola Corp.	16.3.2021
ORNBV	Orion Oyj	25.3.2021
PIHLIS	Pihlajalinna Oyj	15.4.2021
SAMPO	Sampo Oyj	19.5.2021
SSAB.A	SSAB AB	14.4.2021
STCBV	Stockmann Oyj ABP	7.4.2021
STERV	Stora Enso Oyj	19.3.2021
TELIA	Telia Co. AB	12.4.2021
TTALO	Terveystalo Oyj	25.3.2021
TIETO	TietoEVRY Corp.	25.3.2021
UPM	UPM-Kymmene Oyj	30.3.2021
UPONOR	Uponor Oyj	18.3.2021
VALMT	Valmet Corp.	23.3.2021
WRT1V	Wartsila Oyj Abp	4.3.2021
YIT	YIT Oyj	18.3.2021