

Report on adherence to engagement policy 2022

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 Livsforsikringsselskapet 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 2022.

Active ownership is an important part of the 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 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 engagement activities are always assessed by considering 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 invested 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 reviewed at least annually. 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.

One example of our reactive engagement activities concerns fund investments in sovereign bonds. This engagement was started already in 2021 when our screening of fund holdings identified some fixed income investments in countries with severe and/or systematic human rights violations. We started the engagement by approaching our asset manager in order to discuss the issue and drive improvement in integration of human rights in their investment process for sovereigns. As a result the manager strengthened their model and analysis of human rights, but as we wanted to see further improvements, we continued our engagement still during 2022. Based on constructive dialogue and further improvement during 2022, we are confident in reaching a successful engagement result soon. Our objective with this engagement is to ensure effective integration of human rights in the investment process for sovereigns in emerging markets.

One example of our proactive engagement activities is engagement towards an investee company. In 2022, we decided to take part in the CDP Disclosure Campaign. The campaign was an investor-led engagement initiative focusing on engaging large listed companies that are not disclosing sufficient climate-related information to investors. Nordea Life & Pension was appointed to lead the engagement with steel company Nucor on improving climate-related disclosures and start reporting those to CDP. Nucor is one of the largest steel companies in the world and the biggest one in the US. It has undertaken a number of actions with regard to climate change, but has continuously been a laggard in terms of disclosing sufficient climate-related information to investors. Approx. 50 large institutional investors from around the world have acted as co-signatories and supported our engagement with the company. The outcome of this engagement activity was successful as we have received a confirmation from Nucor that they have decided to significantly improve their climate-related disclosures and start reporting to CDP.

As a large share of L&P's investments is 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 65 % of L&P's total financed emissions, including both equity and corporate bond investments. In 2022, 62% 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 corporates covering more than 30% of the AuM invested in equities and corporate bonds in our actively managed portfolios. These engagements cover different topics related to Environmental, Governance and Social (ESG) issues.

Voting

L&P has since 2020 been in cooperation with the voting team in Nordea Funds. This has strengthened our voting approach by increasing 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 about 3900 different Annual General Meetings in 2022 and participated in 40 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.

Local section for Nordea Life Assurance Finland Ltd

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 2022. The Company had one direct equity investment in its Traditional portfolio and some direct equity investments in some insurance based investment products, which are not under active management. Therefore, the relevance of direct equity holdings is low. The Company conducts voting and other shareholder rights based on relevance criteria.

In 2022, the Company casted votes in the annual general meetings of 15 investee companies. The Company voted against management recommendations on a total of 8 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		
Primary ISIN	Company Name	Meeting Date
FI0009007884	Elisa Oyj	6.4.2022
FI0009007132	Fortum Oyj	28.3.2022 & 23.11.2022
FI0009004824	Kemira Oyj	24.3.2022
FI0009000202	Kesko Oyj	7.4.2022
FI0009013403	Kone Oyj	1.3.2022
FI0009014575	Metso Outotec Oyj	21.4.2022
FI0009013296	Neste Corp.	30.3.2022
FI0009000681	Nokia Oyj	5.4.2022
FI0009005318	Nokian Renkaat Oyj	28.4.2022
FI0009014377	Orion Oyj	23.3.2022
FI0009003305	Sampo Oyj	18.5.2022
FI0009005961	Stora Enso Oyj	15.3.2022
FI4000252127	Terveystalo Oyj	7.4.2022
FI0009005987	UPM-Kymmene Oyj	29.3.2022
FI0009003727	Wartsila Oyj Abp	3.3.2022