

## Report on adherence to engagement policy 2021

Nordea Livförsäkring Sverige AB (publ)

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Nordea Livförsäkring Sverige AB (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 Livsförsäkringssekskapet Nordea Liv Norge AS, which together are referred to as Nordea Life & 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 percent of L&P's total financed emissions, including both equity and corporate bond investments. In 2021, 50 percent 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 percent 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 4.200 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 Livförsäkring Sverige AB has not held any direct equity investments in 2021. Therefore, no voting has been done based on direct equity holdings.