

# **Engagement Policy**

**Nordea Liv Norge AS**

Approved by the board of Directors of Livsforsikringsselskapet Nordea Liv Norge AS March 18<sup>th</sup> 2022

## Introduction

Livsforsikringselskapet Nordea Liv Norge AS (hereafter collectively referred to as "L&P") qualify as institutional investors as defined in article 2(e) of Directive (EU) 2017/828 and the nationally legislated implementations thereof (hereafter collectively "SRD II"). L&P hereby publicly discloses this engagement policy, outlining L&P's engagement principles. These principles are an integrated part of L&P's Responsible Investment Policy, as applicable. For more information on the L&P Responsible Investment Policy based integration of sustainability risks in our investment process, please see the relevant L&P websites.

Being a responsible investor is a central part of L&P's investment philosophy. L&P's objective is to maximise long-term returns in a responsible manner and offer compelling products with an enhanced focus on sustainability. L&P believes that integrating environmental, social and governance (ESG) aspects in its investment analysis and decision-making improves its ability to meet this objective. As a long term investor L&P believes that managing ESG related issues is essential to successful investing and that asset owners and other investors play a critical role in shaping a more sustainable and climate resilient future. This by driving and encouraging adaptation of more sustainable business practices and a reduction of ESG related risks over time. L&P is a signatory of the UN Principles for Responsible Investments (PRI) and is thus committed to integrate ESG factors into its investment analysis, decision-making processes and active ownership practices.

## Active ownership

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

### Exercise of shareholder rights

Concerning *direct* equity investments, whenever relevant, L&P exercises voting rights and other rights linked to shares. When exercising the rights, L&P has chosen to apply the principles set forth by Nordea Funds in its Corporate Governance Principles<sup>1</sup> as well as other relevant corporate governance and responsible investment principles. Possible changes to the Nordea Funds Corporate Governance Principles and other relevant principles, made after this policy was approved by NLH AB, shall only apply to the L&P organisation after these changes are approved by L&P. In other words, it is solely L&P that sets its principles to be applied when exercising rights connected to direct equity investments.

L&P will exercise its rights when it can expect a relevant influence on the investee company, when the matter is considered relevant or when L&P is deemed able to exercise its rights in an efficient way. L&P may choose not to exercise its rights in certain matters.

L&P may choose to exercise its rights through asset managers. If L&P exercises its rights through asset managers, L&P assures that the asset manager adheres to corporate governance and responsible investment principles which are not in conflict with the principles applied by L&P. This is monitored on a regular basis.

Concerning *indirect* equity investments, e.g. through investment funds, the exercising of shareholder rights is performed by an asset manager and L&P assures that the asset manager adheres to corporate governance and responsible investment principles, which are not in conflict with the principles applied by L&P. This is monitored on a regular basis.

### Engagement

L&P defines engagement as a structured dialogue with a company, an asset manager or other stakeholders in order to achieve an improvement on issues identified by L&P. These issues can relate to different areas, such as corporate governance, financial and non-financial performance, including ESG related matters. By using its influence and engaging with companies and asset managers L&P aims to improve the long term performance, risk management practices and ESG standards of its investments and to contribute to positive change in the real economy.

L&P prioritise and focus its proactive engagement activities according to prioritised thematic areas – such as climate change and human rights – , on its largest holdings and in areas where the ESG-risk is deemed to be material or elevated. In addition, L&P also conducts incident-based engagements with companies and asset managers where specific ESG-related incidents or breaches to international norms have been identified.

### *Corporate engagement*

When engaging with companies, L&P has chosen to apply the principles set forth by Nordea Asset Management in its Responsible Investment Policy<sup>2</sup>, Nordea Funds in its Corporate Governance Principles as well as other relevant corporate governance and responsible investment principles. Possible changes to the aforementioned principles, made

after this policy was approved by NLH AB, shall only apply to the L&P organisation after these changes are approved by L&P. In other words, it is solely L&P that sets its principles to be applied when engaging with companies.

Corporate engagements is conducted in own capacity or together with other investors and investor coalitions such as the Climate Action 100+ and the UN convened Net-Zero Asset Owner Alliance.

The engagement provides L&P with an opportunity to improve the understanding of its investee companies. L&P monitors in particular the companies' strategy, financial and non-financial performance, capital structure, and ESG-related matters among others. This is achieved through dialogues, participating in annual general meetings and other shareholder events. L&P obtains information on its investee companies through various channels. L&P receives annual reports, analysis and newsflashes, among others. L&P seeks to influence the investee companies and to promote a better corporate governance, risk management, performance and disclosure standards with respect to a wide range of ESG related issues of these companies.

All of L&P's engagements are made on basis of a relevance criteria. When identifying issues for engagement, L&P assesses its influential power and relevance of the matter against its principles. If deemed low in relevance, having minor influence on the investee company or otherwise unable to engage efficiently, L&P may choose not to engage in certain matters.

### *Asset manager engagement*

As an asset owner, L&P has an opportunity and responsibility to engage with the asset managers managing assets

on behalf of L&P. This is viewed by L&P as an important part to drive positive change across the investment value-chain. L&P engages proactively with asset managers on its prioritised thematic areas – such as climate change and human rights – , on ESG governance and integration, and the asset managers' long- and short-term ESG targets. In addition, L&P engage to ensure that the asset manager's voting and engagement principles are not in conflict with L&P's principles. Asset manager engagements are also conducted together with other asset owners in e.g. the UN convened Net-Zero Asset Owner Alliance.

#### *Engagement with other stakeholders*

In order to influence the investment industry and society more broadly L&P may also engage with other relevant stakeholders such as regulators, standard-setters and policy makers on important topics relevant for both the investment industry and the transition towards a more sustainable future. These types of engagements are most often conducted through collective initiatives with other investors.

## **Screening, exclusions and possible escalation**

To identify issues and support L&P's active ownership activities in executing shareholder rights and engagements, L&P screens its holdings and asset managers regularly.

L&P's *direct* equity investments are screened regularly to uncover holdings in companies that have a poor ESG status or fail to comply with L&P's Responsible Investment Policy or other relevant corporate governance and responsible investment principles.

If an investee company is flagged as a potential ESG- and/or governance risk,

L&P will engage as a shareholder and address the matter of concern with the relevant company. It seeks to not immediately exclude the company as L&P is of the opinion that it is more constructive to engage. Based on the severity of the issue, L&P will consider whether to quarantine the company during this engagement period. If a company is quarantined L&P will make no further investments in the company, but it will continue to hold existing investments. However, if the company fails to improve on the matter of concern or is unwilling to address the concerns within a predefined timeline, L&P will ultimately exclude the company. If a company is excluded L&P will make no further investments and divest existing holdings.

L&P may choose to carry out its screening and exclusions measures through asset managers. If so, L&P assures that the asset manager has adopted and adheres to screening and exclusions principles which are not in conflict with L&P's principles.

In addition to screening of direct equity investments also asset managers used by L&P, and the related investments, are assessed regularly to uncover possible misalignments to L&P's Responsible Investment Policy or other relevant corporate governance and responsible investment principles. If any issues are identified in the screening, L&P shall initiate a dialogue with the asset manager urging them towards needed changes in their processes and/or policies. The manager may be quarantined during the process depending on the severity of the issue. Unless a desired outcome is reached within a predefined timeline, L&P will ultimately divest its investments with the manager.

## Conflicts of interest

L&P shall act to the best interests of its customers and act honestly, fairly and professionally when conducting its operations as an insurance undertaking.

L&P shall ensure that the Board of Directors and its employees have sufficient skills and awareness of what constitutes a conflict of interest and what measures are required to be taken when a conflict of interest has been identified. Specific training for the L&P employees will be conducted on a regular basis.

L&P is aware that conflict of interests may arise as part of its activities, hereunder in its engagement activities. Consequently, L&P has policies in place for the purpose of taking all reasonable steps to prevent conflict of interests. The policies set e.g. forth the organizational and administrative procedures to identify and prevent conflicts of interest. Where such conflicts of interests cannot be prevented, the policies describe how L&P will manage and monitor the conflicts of

interest. This might include, where appropriate, disclosing managed conflicts of interest to customers.

In addition, the L&P policies specify that employees are prohibited from having external positions that interfere with their ability to perform their duties and functions within L&P or undermine trust and confidence in the Nordea Group.

L&P has established and shall maintain a Conflict of Interest-register. At least annually, L&P shall review and re-assess the registered conflicts of interests.

## Disclosure

This L&P Engagement Policy is published on L&P's website.

L&P shall annually disclose on its website how it has implemented and applied this policy. L&P will describe its voting behaviour and explain the most significant votes and engagement activities.