

11.12.2020

MANDATUM LIFE INVESTMENT SERVICES LTD. – ENGAGEMENT PRINCIPLES

Contents

1.	Introduction	2
2.	Ownership steering and investment strategy	2
3.	Monitoring of target companies' operations.....	3
4.	Exercising ownership rights in target companies	3
4.1	Participation and exercising the right to vote in general meetings.....	3
4.2	Significant resolutions to be made in general meetings	4
4.3	Participation and engagement in the nomination process of board members.....	4
4.4	Changes in capital structure and policy on the distribution of profits.....	4
4.5	General meeting proposals that promote responsibility	4
5.	Contact with other shareholders and stakeholders.....	5

11.12.2020

1. Introduction

Mandatum Life Investment Services Limited's (hereinafter MLIS) Engagement Principles describe MLIS's activities as an asset manager when investing in equities of exchange-listed companies in the European Economic Area. Active engagement can take place by participating and voting in general meetings, and by maintaining contact with the management of target companies. Where applicable, these Engagement Principles can also be complied with when investing in unlisted companies and in debt capital instruments.

The Engagement Principles guide MLIS's personnel, and they are aimed to serve as a guide in the day-to-day activities of those participating in investment activities and, more broadly, the exercise of ownership rights in investment activities.

MLIS reports on the content and implementation of its engagement principles once a year.

2. Ownership steering and investment strategy

Ownership steering means measures by which equity investors influence the operations of target companies by engaging with them either directly or through their representatives. Ownership steering refers to measures taken to guide and control the management of target companies with the aim of achieving the best possible profitability and long-term return for shareholders and to ensure that the legitimate interests of other stakeholders are taken into account. Although ownership steering means engaging with equity investments, these principles can also be complied with, where applicable, in debt capital investments, in which case engagement takes on a broader sense.

The goal of MLIS's investment activities is to achieve the best possible return on the customers' assets in the long run in and in a sustainable manner, meaning that the investment return is pursued at an acceptable risk. MLIS's investments are, by nature, long term, and the goal is for the investment objects to have the best possible performance and profit generation in the long run. MLIS has set high expectations for target companies' governance and responsible business, and MLIS has published a Responsible Investment Policy. MLIS believes that, in the long run, the securities of responsible companies and issuers will perform better, due to their more favourable growth prospects and more predictable cost development. Additionally MLIS believes that the cost of capital of a responsibly operating company is relatively low. By engaging with the governance of target companies, MLIS can promote the companies' long-term performance.

MLIS requires target companies to comply with local corporate governance codes and international good governance recommendations, taking the operating environment, size and position of the target company into account. For example, for Finnish listed companies, this means complying with the Securities Market Association's 2020 or more recent Corporate Governance Code. MLIS considers it important that target companies provide clear grounds for any possible deviations from local corporate governance codes. The local corporate governance codes, legislation and local practices that are valid in different countries concerning owner-

11.12.2020

ship steering may conflict with one another, and therefore, the obligations companies comply with may be in conflict with MLIS's Engagement Principles. In possible conflict situations, the best approach is to look at the overall picture rather than specific differences.

3. Monitoring of target companies' operations

MLIS monitors the operations of target companies in various ways, for instance, by actively following their stock exchange releases. Investee companies must be open and transparent in their operations, in addition to which they must provide information, e.g. on their financial performance, strategy, risk assessment and capital structure. In addition to financial reporting, MLIS appreciates that target companies report on their corporate governance and responsibility principles, as well as on how they are applied and any related goals.

Besides monitoring companies' statutory reporting, MLIS may participate in the companies' investor events and general meetings, especially with respect to companies in which MLIS is a major shareholder. MLIS may also meet with the management of the companies. The purpose of the meetings is to discuss matters that are important in terms of the target company's success, for instance the company's goals, possible challenges or sustainability in business operations.

4. Exercising ownership rights in target companies

4.1 Participation and exercising the right to vote in general meetings

MLIS participates in the annual general meetings and extraordinary general meetings of companies in which it is a major shareholder or in which participation is otherwise appropriate, e.g. due to a topic that is on the agenda. The focus of participation and exercising the right to vote in general meetings is on Finnish holdings. MLIS can either authorise an employee of the company to participate in a general meeting and exercise the right to vote or use an external service provider, to whom MLIS gives voting instructions on exercising the right to vote.

If proposals submitted to the general meeting by a target company's board of directors deviate from MLIS's engagement and responsibility principles, MLIS may initiate discussions with the company before the general meeting in order to reconcile the opinions. If a discussion is not possible or it does not lead to a mutual understanding, MLIS may exercise ownership rights in a possible voting situation. MLIS strives to ensure that the target company knows the grounds for MLIS's voting behaviour in cases where MLIS does not support the board's proposal. In addition to engagement that takes place in general meetings, MLIS may also employ joint engagement measures.

If necessary, MLIS can, as a shareholder, make proposals that promote good governance and responsibility, as well as support similar proposals by other shareholders and take part in preparing such proposals.

11.12.2020

4.2 Significant resolutions to be made in general meetings

MLIS considers it important that all proposals that deviate from the ordinary are justified in detail already in the notice of the general meeting. MLIS considers resolutions that concern a target company's strategy, financial and other performance, as well as risks, capital structure, societal and environmental aspects, and governance and steering systems to be significant resolutions. Therefore, in terms of engagement, e.g. major business transactions may be considered as significant events. Furthermore, if the general meeting votes against the board's proposal or presents a substantially different view, the event can likewise be considered significant. In contrast, MLIS does not consider resolutions concerning a general meeting's procedural matters alone to be significant resolutions. In addition, general meeting resolutions in target companies in which the number of shares held by MLIS is very low compared to its shares in other target companies have minor significance. General meeting resolutions that have minor significance do not require MLIS to take an active part in the resolution.

4.3 Participation and engagement in the nomination process of board members

MLIS may, if necessary, participate in the selection of board members and in the decision-making process of a separate body established for the purpose. MLIS performs active monitoring of the governance and management activities as well as appointments in target companies, and MLIS may additionally exercise its shareholder's rights by voting on a board's composition in the general meeting.

MLIS does not, in principle, act as a strategic owner by participating in board work, and the aim in general is thus not to influence the composition of target companies' boards through board membership.

4.4 Changes in capital structure and policy on the distribution of profits

Companies' ability to distribute profits depends on their performance, financing structure and growth prospects. MLIS considers it important that a target company has a board-approved policy on the distribution of profits and that the company complies with, from the shareholders' perspective, an active and goal-oriented profit distribution policy that safeguards the company's solvency. MLIS considers it important that authorisations proposed by the boards of target companies on the issuance of new shares be appropriate from the perspective of the company's strategy and life cycle.

4.5 General meeting proposals that promote responsibility

The goal is to promote target companies' responsibility, in particular compliance with the principles of the Global Compact initiative, and with the UN's declarations on human rights, environment and anti-corruption that the initiative is based on, as well as with the ILO's declarations on labour conventions and rights. MLIS considers it important to take responsibility factors broadly into account in business. MLIS is, in principle, in favour of general meeting proposals that promote responsibility in accordance with MLIS's responsibility principles.

11.12.2020

5. Contact with other shareholders and stakeholders

Contact with other shareholders is primarily limited to contact that takes place in general meetings. MLIS cannot, as a general rule, comment on its investment decisions due to possible market reactions.