

## ENGAGEMENT POLICY EMPLOYED BY MUTUAL FUNDS MANAGED BY EVLI FUND MANAGEMENT COMPANY AND BY EVLI FUND MANAGEMENT COMPANY AS AN ASSET MANAGER

The Board of Directors of Evli Fund Management Company Ltd (Evli Fund Management Company) approved the engagement policy on December 18, 2019. The engagement policy is applied when Evli Fund Management Company invests assets of the funds under its management and assets under its asset management in the equities of companies that are traded in a regulated market and in a corresponding trading venue and, where applicable, in investments in various fixed income instruments.

### Engagement policy

Evli Fund Management Company has a primary obligation to monitor the best interests of the unit holders of the funds managed by it, the assets under asset management and the owners of the assets. This means aiming to achieve value increase for the assets under fund management and asset management within the limits of the investment strategy and risk level. In engagement policy related practices, it is important to note that the mutual funds managed by Evli Fund Management Company and the assets under asset management are nearly always minority shareholders in the companies that they own, but despite this, Evli Fund Management Company believes that it can impact the decision-making of the companies invested in by communicating its objectives and practices clearly and transparently to the companies.

Engagement policy related practices aim to achieve value increase for the holdings in mutual funds and asset management over the long term. Evli Fund Management Company requires the companies invested in to engage in good ownership and corporate governance by complying with the corporate governance code of the Securities Market Association<sup>1</sup>, for example, or corresponding foreign guidelines. In addition to these, environmental and social responsibility are very important issues. As a whole, Evli Fund Management Company's approach towards factors related to environmental, social and corporate governance are determined by the Principles for Responsible Investment of Evli Group's asset management<sup>2</sup>. In addition, Evli Group has separate Principles for Climate Change<sup>3</sup>, which specify the procedures related to climate change in investments.

Evli Fund Management Company's ownership methods are: 1. engagement with companies either independently or together with other investors, 2. participation in general meetings of shareholders and 3. discussions during regular company meetings between company representatives and the portfolio managers who make investment decisions or responsible investing team. Evli Fund Management Company does not use proxy advisors when participating in general meetings of shareholders.

### 1. Engagement with companies

Evli Fund Management Company engages with companies both independently and together with other investors. The companies subject to engagement are selected based on factors set out in Evli Group's Principles for Responsible Investment and Principles for Climate Change. The above-mentioned factors

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<sup>1</sup> <https://cgfinland.fi/en/corporate-governance-code/>

<sup>2</sup> [https://pankki.evli.com/hubfs/Evli.com/Documents/Responsibility/EN/Evli\\_Wealth\\_Management\\_Principles\\_for\\_Responsible\\_Investment.pdf](https://pankki.evli.com/hubfs/Evli.com/Documents/Responsibility/EN/Evli_Wealth_Management_Principles_for_Responsible_Investment.pdf)

<sup>3</sup> [https://pankki.evli.com/hubfs/Evli.com/Documents/Responsibility/EN/Evli-Wealth-Management\\_ClimateChangePrinciples\\_CarbonFootprintData.pdf](https://pankki.evli.com/hubfs/Evli.com/Documents/Responsibility/EN/Evli-Wealth-Management_ClimateChangePrinciples_CarbonFootprintData.pdf)

are the same for all investment strategies. Engagement activities are reported annually in Evli Group's responsible investment annual report.

The purpose of Evli Fund Management Company's engagement activities is to change companies' practices so that they become more responsible. If a company is not prepared to change its practices, Evli Fund Management Company may withdraw its holding in the company.

Evli Fund Management Company also carries out collaborative engagement with other investors when the target and goals of collaborative engagement are in line with Evli's Principles for Responsible Investment / Principles for Climate Change.

## **2. Participation in general meetings of shareholders**

Evli Fund Management Company participates in general meetings of shareholders and extraordinary general meetings of shareholders primarily only in Finland. It can also provide voting instructions to selected foreign general meetings of shareholders without participating in the meetings themselves. The investment strategies of the individual funds managed by Evli Fund Management Company do not require participation in general meetings of shareholders. The criteria for participation in general meetings of shareholders are the stake in the company, the company's proportion in the fund's investments, the matters dealt with in the general meetings, and engagement possibilities. The final decision regarding participation in a general meeting of shareholders is made by the portfolio manager in charge of the fund's investment decisions or responsible investing team.

## **3. Company meetings**

Some of the investment strategies of the funds managed by Evli Fund Management Company require the portfolio manager making the investment decisions to regularly meet with company representatives. In addition, the responsible investing team meets companies concerning responsibility-related themes.

In addition to the above-mentioned procedures, Evli Fund Management Company's portfolio managers continuously monitor companies and corporate actions that affect them, including news and stock exchange releases, and dividends, share issues, mergers, and general meetings of shareholders, for example.

The implementation of the principles of Evli Fund Management Company's ownership is reported on the company's website and as part of the mutual fund's semi-annual and annual reports.