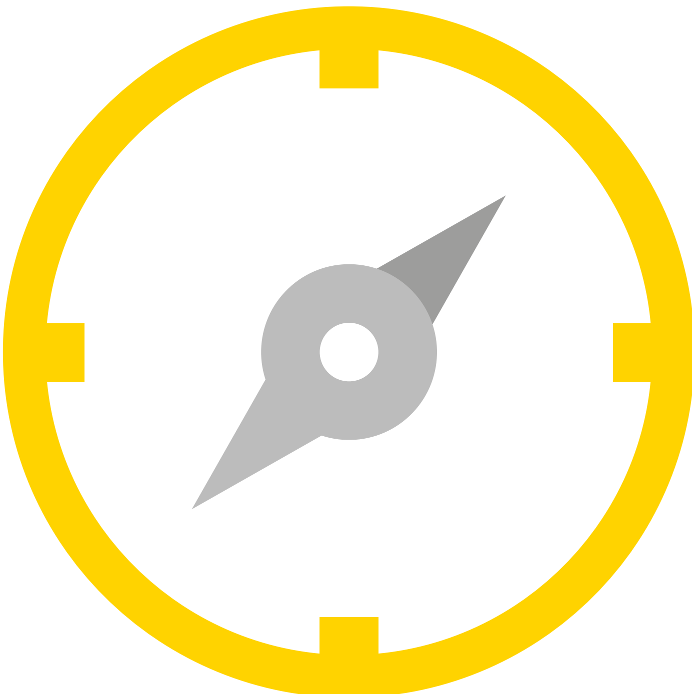
ELO'S OWNERSHIP POLICY



ELO MUTUAL PENSION INSURANCE COMPANY

ELO'S OWNERSHIP POLICY

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Elo aims to provide support and encourage companies to succeed and increase their shareholder value in the long term. Responsible investment is an integral part of our investment activities, and we expect responsible business operations of the companies we invest in. Our view is that only sustainable business operations can help achieve sustainable profits and grow shareholder value in the long term. Ownership steering is a key part of the responsibility of our investment operations. Elo's ownership policy takes into account the currently valid Corporate Governance Code. This ownership policy guides Elo's operations as a significant and active shareholder. The principles illustrate the factors we consider important in the companies in which we are shareholders and in the selection of new investments.

INVESTMENT OF EMPLOYMENT PENSION FUNDS

Elo is Finland's third largest private sector employment pension company in terms of the assets under management. As an employment pension insurer, Elo manages considerable investment assets and therefore bears a great responsibility in the application of shareholder rights. Openness and transparency in the application of shareholder rights is required of all pension investors. Elo has a significant role as a shareholder and particularly in Finland.

The objective of Elo's investment operations is to ensure the profitable and secure investment of employment pension assets. The investment process is independent, autonomous and focused on the long term. Employment pension assets are invested according with the company's strategy and policies. The fundamental idea is to operate in different investment markets so as to generate the best possible return on funded pension assets in all market conditions at the selected risk level in the long term. Elo's investment assets primarily comprise shares, interest instruments, alternative investments, real estates and financing products. Investments may be either direct or indirect and take place either in Finland or abroad.

RESPONSIBLE INVESTMENTS

The responsibility of Elo's investment activities refers to the responsibility of Elo's own operations, compliance with international norms, responsibility assessment of investments, ownership steering and other engagement activities. We expect that the companies we invest in adhere to international norms and agreements such as the human rights, employee rights and the principles concerning environmental issues and corruption forming the basis of the UN's Global Compact. Elo's principles of responsible investment are available in further detail on Elo's website.

We require that the companies we invest in operate responsibly and in the best interest of their shareholders. As a long-term shareholder, Elo wishes to promote the responsibility of its investments and supervise compliance with good corporate governance. The responsibility of investments is assessed through the "ESG" aspects – environmental responsibility (E), social responsibility (S) and corporate governance (G) – while taking into account the individual characteristics of each asset class, industry and investment. The aspect of environmental responsibility has been amended with a separate climate strategy of investment operations, stating the property class-specific objectives with respect to climate change.

In terms of good governance, the minimum requirement is compliance with the currently valid recommendations with regard corporate governance code. In Finland, this refers to the currently valid Corporate Governance Code applied to listed and, where applicable, unlisted companies. For unlisted companies, the Chamber of Commerce's 2016 statement on the development of management operations in unlisted companies is also taken into account.

With the means of ownership steering, we aim to encourage companies to operate responsibly and to increase their shareholder value in the long term.

KEY POINTS OF OWNERSHIP POLICY AT ELO

The key aspects of Elo's ownership policy are transparency, responsibility, reliability and the equal treatment of shareholders.

In particular, ownership steering is applied to direct listed equity investments. The same criteria are also applied to other investments for their applicable parts. Bond investments are one example of this, although they do not include the ownership steering tools related to shareholding. The ownership policy varies depending on whether the type of ownership in question is direct or indirect (fund). Indirect ownership steering is implemented by Elo through discussions with the external fund manager on the objectives and tools of the ownership steering practiced by the fund, thereby aiming to promote the issues it considers important.

The ownership policy at Elo is applied to shareholdings both in Finland and abroad. Elo focuses its ownership steering -related measures on Finnish companies and on such foreign companies where Elo is a major shareholder or where exerting influence can be considered appropriate for other reasons. In implementing ownership policy, regulations concerning affiliate and insider relationships must be taken into account. At Elo, ownership policy is implemented by ownership steering and responsible investment steering groups.

Elo primarily exercises its shareholder rights in three ways: by attending the general meetings of the companies in which it is a shareholder, by participating in nomination boards and by engaging in regular dialogue with the management and, if necessary, boards of directors of the companies.

In Finnish companies and in such foreign companies where Elo is a significant shareholder, we aim to regularly meet with company management and boards of directors in addition to annual reporting. During the meetings, issues relevant to the growth of the companies' shareholder value are discussed. These include strategy, objectives, operating environments and the opportunities and challenges faced by the companies. Matters important to Elo as a shareholder are also discussed.

Elo promotes dialogue with the companies and aims to influence their operations in collaboration with other asset owners and stakeholders. Elo prefers engagement projects involving also a significant number of other investors, as influencing the companies' business operations is generally more effective this way. Goal-oriented cooperation can significantly increase the weight and possibilities of successful engagement in practice. Elo also participates in public discussions on matters it considers important.

Ownership steering in unlisted direct investments

Equity investments in unlisted companies often involve the drafting or updating of a shareholder agreement in order for shareholder rights to be agreed on. Key factors to be taken into account in terms of shareholder agreements from Elo's perspective include information given on the company invested in, including monthly reports and, preferably, board of directors materials, board of directors locations and/or the shareholder's representatives' right of participation and speech during the board of directors' meetings, decisions requiring both parties' written approval such as mergers and acquisitions and rights relating to the termination of the shareholder agreement.

ATTENDANCE AT GENERAL MEETINGS AND USE OF VOTING RIGHTS

As a rule, Elo attends the general meetings of all the companies in Finland in which it is a shareholder. Outside of Finland, Elo attends general meetings of companies in which it has a significant interest or where its attendance is appropriate due to other reasons. A proxy advisor's services may be used when attending general meetings.

We require that all companies pay particular attention to the contents of their invitations for general meetings. Invitations to general meetings must be clear and all proposals justified. Shareholders must be notified of all the matters to be decided on well in advance of a general meeting. Elo finds it important that all non-standard meeting items are sufficiently detailed in the meeting invitations. From the owners' perspective, the key decisions made during general meetings include those concerning the composition of the board of directors, changes in the capital structure, management remuneration principles and the selection of an auditor. In adherence to internationally approved good practice, it is recommended that a new auditor is selected at regular intervals.

In case the board's proposal to a Finnish company's general meeting deviates from Elo's principles, Elo reports this to the company in advance and makes arrangements to discuss the matter with the company. Further information about Elo's participation in general meetings and on Elo's voting behaviour is available on Elo's website.

COMPOSITION OF A BOARD OF DIRECTORS AND BOARD MEMBER FEES

One of the key methods of ownership steering is to influence the companies, in which Elo is a shareholder, is through the election of the board of directors. Elo's primary aim is to promote the composition of a competent board to ensure a company's development and increased shareholder value. Elo participates in the appointment of possible nomination boards and, as required, in the work of nomination committees or boards if necessary in significant investments. Information about the memberships of Elo's representatives in the nomination boards of listed companies is available on Elo's website.

Elo feels it is particularly important that company boards comprise the necessary expertise, experience and balanced knowledge of the companies' operating environments with respect to the companies' current development phase. All board members must have sufficient time to perform their duties. To assess this, companies must report on the participation activity and other positions of trust held by board members. The majority of company board members must be independent of the company. Additionally, two board members must be independent of significant shareholders in the company. However, if a company has a clear majority owner, Elo feels it is appropriate for the majority owner to be represented in the company board.

As a rule, the CEO of a company should not be elected as a board member in a listed company, at the very least, not as chairperson of the board. In general, it is important that the roles of the company chairperson of the board and CEO are clearly separated and documented.

Board member fees must be proportionate to the volume of work and responsibility required in the position. Elo recommends that board member fees are paid partially in shares.

CHANGES IN CAPITAL STRUCTURE

All companies invested in must have a dividend policy that is active and goal-oriented from the shareholder's perspective. This requires that dividend policies are made public. In principle, share issue authorisations are equivalent to a maximum of 10 per cent of a company's share capital and remain valid until the next general meeting. Any authorisations exceeding this must be well justified. The grounds for the repurchase of shares must be clearly reported. All reporting relating to the repurchase of shares must be clearly provided in the company's annual report and on the company website.

SHARE CLASS AND VOTING POWER

All company shareholders must be treated in an equal manner. Elo recommends that one share should correspond to one vote in general meetings. Elo does not recommend the restriction of voting power or the application of consent clauses, as these may have a negative impact on a company's value.

REMUNERATION OF THE MANAGEMENT

The board of directors is responsible for determining remuneration of the management, and the remuneration must be based on a remuneration policy reviewed by the general meeting. The remuneration policy must be encouraging and challenging and commit in the long term both the company management and personnel, and thus promote the company's and its shareholders' interests in the long term. The payment of management remuneration must be with respect to the development of the company's financial and shareholder value in the long term. Elo feels it is important for companies to not only take the financial impacts but also the material responsibility aspects of their business operations into consideration in their remuneration policies. It is preferable that members of company management are also shareholders.

To ensure neutrality, larger listed companies in particular should have a separate remuneration committee whose work is managed by one of the board members, preferably the chairperson. The overall impact of remuneration on shareholder's position must be reasonable. All information concerning remuneration should be available to shareholders at all times.

REPORTING

Elo considers the transparency and openness of the companies in which it is a shareholder an essential foundation for ownership steering. Regular, relevant and balanced communications and reporting are an essential part of transparency. Elo feels it is important that all the companies it invests in observe the "comply or explain" principle in their reporting.

Companies must not only report their financial data, but also report on their governance and remuneration policies in accordance with the currently valid regulations and governance code, and to provide all relevant information on the objectives set for their corporate responsibility and on the achieving of these objectives. We recommend reporting on climate matters in compliance with the TCFD (Task Force on Climate-related Financial Disclosures) reporting recommendations, including an assessment of the impacts of climate change on business operations. It is also recommended for companies to report on how they contribute to the achievement of the UN Sustainable Development Goals through their business operations. Furthermore, reporting on the companies' tax policies and footprint is desirable.

MEMBERSHIP IN OTHER COMMUNITIES' OR FOUNDATIONS' GOVERNING BODIES

As a prerequisite for operating in the governing body of some other community or foundation, all Elo employees must ensure that such a role does not hinder the performance of their work tasks at Elo, have a negative impact on investment decision-making or pose a threat to the trust in employment pension companies' neutrality or independence. Furthermore and assessed as a whole, the membership in an external governing body must not be in conflict with the interests of the employment pension company.

Whenever an Elo employee operates in the governing body of some other community or foundation, the expediency and necessity of such activities, requirements set for the membership and their fulfilment, statements about the impact of the role on the employee's primary work tasks at Elo, potential fees and conflicts/biases and their management must be taken into account in decision-making and during the membership. Additionally, all issues relating to affiliate and insider relationships and biases/conflicts of interest must be considered.

Approval for the participation in a governing body is granted by Elo's presiding officers when the matter concerns a public issuer, Elo's strategic partner or the Elo CEO. In other instances, the decision on the participation in a governing body is made by the Elo CEO.

If necessary, the CEO may provide further instructions on the application of these instructions and procedures. An up-to-date public listing of all positions of trust is maintained at Elo. The Elo Compliance Officer is responsible for the maintenance of the list.

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