

## REPORT ON THE IMPLEMENTATION OF ENGAGEMENT POLICY EMPLOYED BY EVLI BANK IN ASSET MANAGEMENT IN 2021

Evli<sup>1</sup> defined its Engagement Policy in 2019 and has last updated them in Spring 2022. The policy is applied when Evli invests the 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. The policy is also applied to mutual funds managed by Evli Fund Management company and the assets under its asset management, and in conjunction with the asset management of Aurator Asset Management Ltd. Therefore, the same policy is applied throughout the Evli Group. This report on the implementation of the Engagement Policy applies only to Evli's asset management and Aurator Asset Management and direct equity investments managed by these. The implementation of the policy in the direct equity investments of asset management must be reported annually. Further information on the implementation of Evli's Engagement Policy in Evli Fund Management Company and on Evli's responsible investment in general is available [here](#).

Evli's ownership control 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 or the responsible investment team.

### 1) Engagement with companies

Evli engages with companies both independently and together with other investors.

Evli participates in collaborative engagement initiatives that are aimed at influencing the market on a wider level. Climate change mitigation has been the most important theme in the collaborative engagement initiatives that Evli has joined. These initiatives include for example Climate Action 100+, investor letters coordinated by the CDP and the CDP's collaborative engagement initiative for setting Science-Based Targets (SBTs). In 2021 Evli, together with other investors, signed a letter to governments, the Global Investor Statement to Governments on the Climate Crisis, encouraging them to set ambitious targets to achieve the Paris Agreement, establish roadmaps for carbon-intensive sectors to move to low-carbon, increase financing and policies needed to achieve carbon neutrality, and commit to corporate reporting in line with TCFD recommendations.

In addition to collaborative engagement, Evli's responsible investment team and portfolio management contacted eight companies independently. In addition to the responsible investment team, representatives of portfolio management participated in some of the engagement discussions. The cases of engagement were related to encouraging companies to set climate targets, good governance as well as human rights and the issues regarding the supply chain. The cases concerned Finnish companies.

Aurator did not carry out any engagement directed at companies in 2021.

## 2) Participation in general meetings of shareholders

Evli's asset management attended 17 general meetings in 2021. The containment measures brought by the coronavirus pandemic were taken into account in the participation, and as a consequence, participation in the meetings took place by issuing a power of attorney along with voting instructions. Evli's representatives attended the general meetings (Annual General Meetings and/or Extra Ordinary General Meetings) of shareholders of Talenom, QT Group, Valmet, Metsä Board, Terveystalo, Verkkokauppa.com, Gofore, Detection Technology, Ponsse, Consti, Eezy, Raisio, Sanoma, Marimekko, Remedy Entertainment and Kamux. The criteria for participation in general meetings of shareholders are the stake in the company, the company's proportion in investments, the matters dealt with in the general meetings, and engagement possibilities. Before the general meetings of shareholders, Evli had contacted two companies regarding good governance. A ballot was conducted at 14 of the general meetings of shareholders. At three general meetings, Evli abstained from voting on the minority dividend requirement and at one general meeting, Evli voted against the minority dividend requirement. At eight general meetings, Evli abstained from voting on the election of the board members, voted once against share issue authorization and at one general meeting, Evli abstained from voting on three questions regarding a Supervisory Board. Apart from these, Evli backed all the proposals.

Aurator did not participate in any general meetings in 2021.

## 3) Company meetings

In addition to the engagement work carried out by the responsible investment team, portfolio managers also actively engage in discussions with companies. Growing themes in 2021 were the EU taxonomy and the related targets for companies as well as carbon footprint. Portfolio managers of Evli's asset management met with companies about 160 times during 2021.

Aurator met with companies about 300 times during the year, and nearly all discussions also covered responsibility themes.