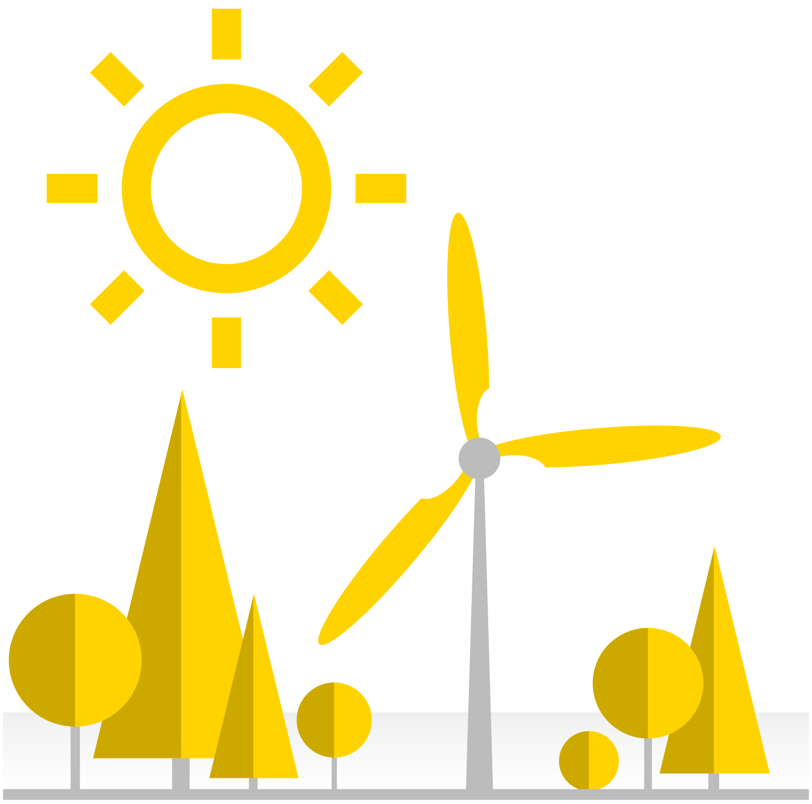
ELO'S PRINCIPLES OF RESPONSIBLE INVESTING



ELO MUTUAL PENSION INSURANCE COMPANY

ELO'S PRINCIPLES OF RESPONSIBLE INVESTING

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PRINCIPLES OF RESPONSIBLE INVESTMENT AT ELO

As a pension investor managing significant investment assets, we believe that a strong approach to the responsibility of our investments plays an essential role in pursuing new investment opportunities and risk management. We strongly believe that only sustainable business operations achieve sustainable results. Therefore, we have integrated ESG matters into our investment decisions. We have systematically developed our responsible investment operating methods and will continue determined development work in the future.

RESPONSIBLE INVESTMENT AT ELO

The objective of Elo's investment operations is to ensure the profitable and secure investment of employment pension assets. The responsibility for pension assets extends decades into the future. Elo's principles for responsible investing are also based on corporate social responsibility: our accountability to policyholders and the insured. The investment process is independent, autonomous and focused on the long term.

The employment pension assets are invested in compliance with the company's strategy and policy. Our 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.

Elo has signed and thus made a commitment to the UN's Principles for Responsible Investment in 2007 (PRI, Principles for Responsible Investment). As a signatory to the Principles, we strive to uphold and promote environmental, social and governance (ESG) issues in our investment analyses, decisions and ownership policies. Elo reports annually on the development of the principles of responsible investing to PRI. We publish the PRI reports on Elo's website.

Responsible investment is an integral part of Elo's investment operations. Responsible investment aims at a better risk-return ratio of investments by combining two points of view: risk mitigation and utilisation of opportunities.

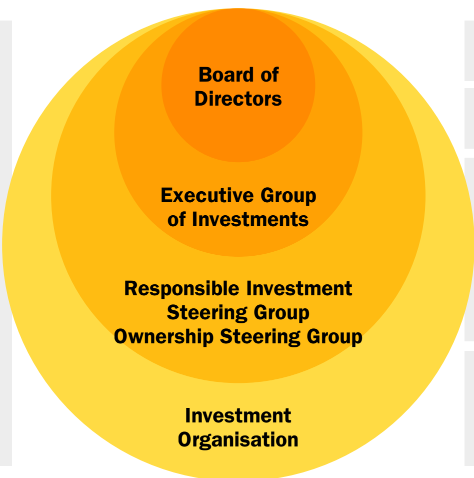
Elo's view is that responsible operating methods can reach better returns on investment and manage the risks associated with investments. Responsibility is manifested in the selection and monitoring of investments, and it is also subject to constant development. Elo's principles of responsible investing concern all asset classes with consideration for their own special characteristics and investment methods.

ROLE OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT IN RESPONSIBLE INVESTMENT

At Elo, responsible investment is guided by the principles of Elo's strategy and investment plan as well as the principles of responsible investments and ownership steering, approved by the Board of Directors. The environmental responsibility area is supplemented with a separate climate strategy for investments. The Executive Group of investments, chaired by Elo's CEO, is responsible for preparing and updating the principles. The Executive Group of investments is supported by the Responsible Investment and Ownership Steering Groups.

Signatory of: PRI Principles for Responsible Investment

UN Global Compact



Elo's strategy

Investment strategy

Principles of responsible investing, Ownership policy and Climate strategy

Development of responsible investing, information sharing among asset classes and ensuring joint practises

Consideration of different aspects of responsibility in investment operations and development of investment strategies

Image: *Responsible investment strategy*

RESPONSIBLE INVESTMENT STRATEGY

Elo's responsible investment strategy is comprised of the following areas:

- responsible operating methods
- compliance with international norms
- the assessment of responsibility as part of the analysis, decision-making and monitoring related to investments, as well as
- ownership steering and other means of influence.

As a responsible investor, Elo pays particular attention to the costs of investment operations. With prudent cost management, it is possible to increase investment returns.

Elo is also open with regard to the transparency and reporting of its own operations. In its own reporting, Elo complies with its own openness principles as well as the regulations set for it as an employment pension company. Elo reports annually on the achievement of the goals of responsible investment on its responsible investment website, its annual and responsibility report and the note on non-financial disclosures in the Board of Directors' Report. As a signatory to the PRI, we also annually report to PRI, and, as a signatory to the Montreal Pledge, we are committed to reporting our carbon footprint annually.

ELO'S OWN OPERATING METHODS

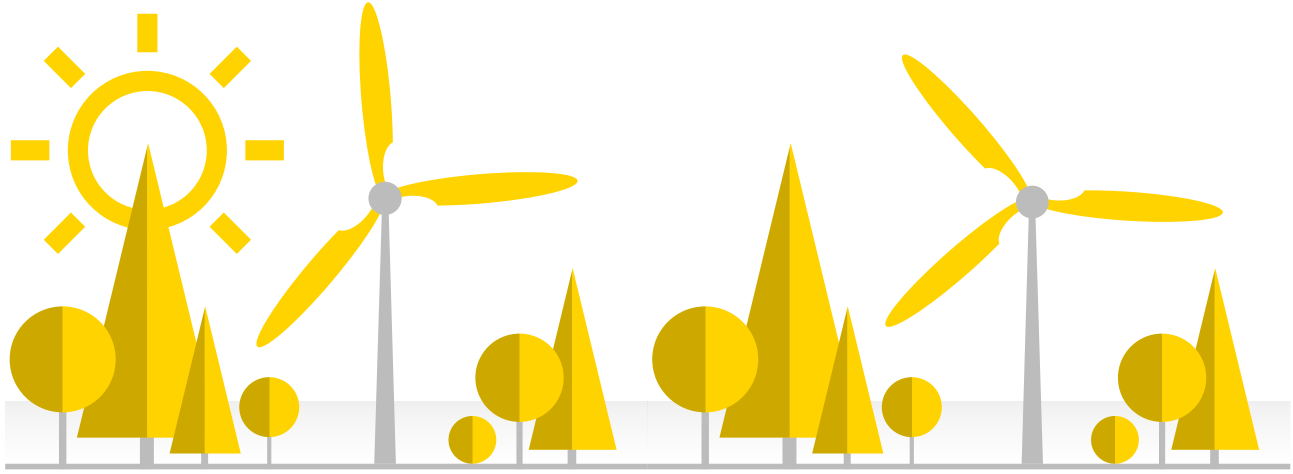
Elo follows carefully agreed investment processes and principles. In our investment operations, we use work tools and systems that enable high quality analysis. In addition, we continuously develop risk analysis of our investments and portfolios.

The investment process is depicted in detail, decision-making is clear and job descriptions are well documented. Thorough investment analysis is conducted and investment decision are carefully considered. Our investing is focused on the long term. Risk management and risk control are continuously developed. Internal control, including compliance with internal and external regulations (compliance), is also an important part of Elo's own corporate responsibility.

INTERNATIONAL NORMS

As applicable to each asset class, international standards – such as the UN's Global Compact responsibility standard – provide the starting point of defining the responsibility of investments. The Global Compact includes 10 principles on the environment, corruption, human rights and labour. Elo's own analysis activities are built on this foundation as part of the investment process.

Elo uses a monitoring process for breaches of standards, using an external international service provider as the source of information. Regarding non-compliance, the analysis covers a total of 120 global standards and norms, such as the international norms confirmed by the UN and its sub organisations, such as the ILO and OECF Guidelines.



RESPONSIBILITY OF INVESTMENT TARGETS

Underlying Elo's responsible investment is the view that only sustainable business can create long-term sustainable results. Elo has incorporated responsibility as an integral part of our investment process, alongside traditional financial measures of investment analysis. We assess the responsibility of investments based on the ESG aspects: environmental responsibility, social responsibility and good corporate governance. Thorough and extensive integration of ESG aspects aims to improve the risk-return ratio, especially over the long term. Everyone taking part in the analysis, selection, decision-making and monitoring of investments considers responsibility in investment decisions.

The responsibility assessment of investments is based on corporate responsibility disclosures of companies and service providers, meetings with corporate management and the ESG database of an international service provider, as well as an extensive ESG analysis. These support Elo's in-house analyses. Taking responsibility into consideration in investment decisions and investments varies slightly between different asset classes and whether it is a direct or an indirect investment. We aim to identify the ESG aspects essential for each investment and to assess the ability of the investment to manage and mitigate their ESG risks as well as opportunities of utilising the themes of sustainable development in their business.

In indirect investments, the assessment of responsibility concerns the investment itself, the investment strategy and the service provider (fund manager and fund operations). The policies and methods for responsible investing that are in place in a fund must be sufficiently in line with Elo's own principles.

If the company does not meet Elo's responsibility principles, Elo aims to make the company rectify the shortcomings in its operations. Elo may disinvest due to shortcomings observed in responsibility if the company fails to propose credible measures to rectify the shortcomings.

As part of its responsible investment process, Elo pursues a better risk-return ratio for its investments through the dual approach of managing and minimising their ESG-risks as well their possibilities of benefitting from themes of sustainable development in their business operations.

RESPONSIBLE INVESTMENT

ESG in investment decicions

Environmental responsibility	Social responsibility	Governance
• Standards, certificates • Energy efficiency • Response to climate change • Environmental objectives in business operations • Product liabilities	• Standards, certificates • Personnel policy • Human rights • Responsibility of the well-being of employees • Taxes • Responsibility of business operations stakeholders	• Board composition and independency • CEO and Management Team • Remuneration • Stakeholder rights • Level if risk management

Table: *ESG in investment decicions*

EXCLUSIONS AND COMPANIES WITH ENHANCED MONITORING

We exclude from our direct investments:

- Companies in the tobacco industry
- Companies manufacturing controversial weapons (cluster munitions, anti-personnel mines, biological and chemical weapons, nuclear weapons and depleted uranium)
- Companies that generate more than 25% of their net sales from business concerning coal production or the use of coal in energy production and have no clear strategy to reduce coal use. In the future, we will evaluate whether the aforementioned limits should be lowered, considering the development of the investments.

Companies related to cannabis in the medical industry as well as in other industries are subject to critical monitoring.

In government bond investments, the model of assessing responsibility is based on the global Corruption Perceptions Index (CPI) of Transparency International, which avoids investments in the bottom quarter.

MEASURING THE POSITIVE IMPACT

In addition to ESG risks, we strive to assess the investment's possibilities of benefitting from long-term themes which are compliant with sustainable development themes. The sustainable development theme can relate to the environment and natural resources or social and societal matters that support sustainable development.

The UN published the Sustainable Development Goals (SDGs) in Autumn 2015. The UN's sustainable development goals strive to find solutions to the largest global environmental and social challenges. Elo's goal is to assess and increase investments that provide solutions to these challenges.

The SDGs include 17 interlinked goals. They include 169 targets and 232 indicators, which can bring the higher-level goals closer to practise and concrete actions. The SDGs are common goals to all members of society (UN member countries, municipalities, companies and individuals). Therefore we have selected the UN's SDGs as the framework in defining the positive impact of our investments.

Image: *Sustainable Development Goals – United Nations*

ELO'S CLIMATE STRATEGY

Elo's objective is also to ensure sustainable returns for investments, taking into account the challenges that climate change imposes on the financial markets and our investments. Therefore, a climate strategy supplementing responsible investment approved by the Board of Directors was drafted in 2017. It indicates Elo's main objectives taking climate change into consideration in our investment operations. The climate strategy is available on Elo's website.

In addition to risks, climate change provides new business opportunities. Our investment strategy is aimed at acknowledging climate risks diversely as well as to utilising the investment opportunities enabled by climate change.

We encourage companies to create solutions for sustainable development, either to mitigate the impacts of climate change or adapt to its impacts. Sustainable solutions are required to solve the world's biggest social and environmental challenges.

It is a key aim of the climate strategy to aim to increase investments in sustainable solutions. Our objective is to measure positive impact on society or the environment, in addition to financial performance. We strive to assess the positive impacts of our investments, and our aim is to systematically increase the share of such investments in our portfolios.

Elo engages with its investment targets through different co-operation initiatives. Goal-oriented cooperation can significantly increase the value and possibilities of practical success of engagement. We are involved in several initiatives in which we, together with other investors, globally encourage companies to take climate change into consideration in their business operations and develop solutions to mitigate climate change. Public commitments and declarations are a visible way of attracting attention to important matters.

Elo's external commitments and cooperation projects:

- PRI, the UN's Principles for Responsible Investment (2008)
- PRI Montreal Pledge, disclosure of the carbon footprint of investments (2015)
- CDP (2015), climate change, water and forest programme and the Investor Action Request initiative (2018)
- IIGCC, Institutional Investors Group on Climate Change (2017)
- TCFD, Task Force of Climate Related Financial Disclosures (2017)
- Climate Action 100+ (2017)
- Investor Agenda (2018)

Signatory of:

PRI Principles for Responsible Investment

Signatory of: PRI Montréal PLEDGE Principles for Responsible Investment

Climate Action 100+ Global Investors Driving Business Transition

CDP INVESTOR SIGNATORY

IIGCC Institutional Investors Group on Climate Change

THE INVESTOR AGENDA ACCELERATING ACTION FOR A LOW-CARBON WORLD

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

ENGAGEMENT AND OWNERSHIP STEERING

The significance of engagement as a tool for a responsible and active shareholder is growing, and we are continuously directing more effort into it. We engage in active dialogue with our investments. We strive to engage with our investments either by ourselves or in cooperation with other investors and stakeholders. We encourage companies to take responsibility better into account in their business operations and reporting, and to take material responsibility aspects into account in remuneration of its management. Engagement is also the only way of having an impact on reducing the systemic risk of the financial market caused by climate change. We prefer engagement projects involving a significant number of other investors, as engaging the investments is commonly more effective this way.

Responsible investment is also visible in Elo's ownership steering principles, which guide our operations as a significant and active shareholder. Elo aims to support and encourage companies to prosper and increase their shareholder value over the long term. It is our view that only sustainable business can create sustainable results and to increase shareholder value in the long term. The ownership steering principles describe matters that we consider important in the companies of which we are shareholders as well as the selection of new investments. As a long-term shareholder, Elo wants to promote the responsibility of its investments and supervise compliance with good corporate governance.

TAXATION

The objective of Elo's investment operations is to invest the employment pension funds profitably and securely. Elo's principle is to avoid multiple taxation, which would lead to lower investment returns and would be against the pensioners' interests. In analysing and assessing our investments, we carefully investigate tax consequences as part of responsible payment of taxes.

Elo requires its investments to comply with local legislation and international tax treaties. Moreover, we emphasise transparency and openness in our ownership steering and encourage companies to report on their tax policy and tax footprint. Knowing taxation related matters are a part of normal investment due diligence process.

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