



Corporate Governance Principles of UB Asset Management Ltd and the Funds Managed by UB Fund Management Company Ltd

1 Background and Objectives

These corporate governance principles (the "principles") set forth the manner in which corporate governance relates to the asset management services provided by UB Asset Management Ltd and referred to under Chapter 1, Section 15, Sub-Section 4 of the Finnish Act on Investment Services, as well as to the investment strategies of the mutual, special and alternative investment funds managed by UB Fund Management Company Ltd. These principles are implemented by UB Asset Management, because UB Fund Management Company has outsourced the portfolio management of its funds to UB Asset Management (both hereinafter jointly referred to as "UB"). Furthermore, UB Fund Management Company has outsourced the portfolio management of two of its funds to Visio Asset Management Ltd. Visio Asset Management has implemented corporate governance principles of its own.

These principles outline the manner in which corporate governance is implemented and how these principles are applied when UB Asset Management invests the assets of the funds it manages and the client assets it manages under its asset management in the shares of companies traded on a regulated marketplace within the European Economic Area or a comparable market place ("listed shares"). These principles may also, to the extent applicable and in order to safeguard the client's best interests, be applied to investments in interest rate instruments and in shares of unlisted companies (e.g. equity funds, real estate fund investments) or in shares of companies listed on a securities exchange outside of the European Economic Area.

The Board of Directors of UB Asset Management and UB Fund Management Company have approved these Corporate Governance Principles. The actualisation of the Corporate Governance Principles, voting behaviour and the most significant voting events are reported annually on the unitedbankers.fi website.

2 Corporate Governance and Investment Strategy

Corporate governance refers to actions striving to influence the management of the target companies either directly or via representatives. The objective of exerting such influence is to attain the highest profitability and long-term yield for those owning the share directly or indirectly as well as to ensure that the interests of the other stakeholders are taken into account. The implementation of exerting influence in an investment object is adapted so as to suit the investment object, and the methods for influencing are contingent upon, for instance, the relative magnitude of the holding and whether the investing is carried out directly or indirectly.

When UB Asset Management invests its clients' assets as part of asset management services, these principles are applied together with the guidelines agreed upon with the client concerning investment strategy, or individual rules of procedure issued by the client.

When UB Asset Management invests the assets of the funds it manages, the purpose of corporate governance is first and foremost the protection of the fund unitholders' common interests so that corporate governance strives towards the long-term value appreciation of the funds. The fund-specific investment policy, target investor group as well as the risk-reward profile of each fund is available from the KIID and the fund bylaws of each fund.

3 Corporate Governance Principles

The objective of corporate governance is to protect the interests of the fund unitholders and asset management clients when the fund or asset management client owns the shares of a listed company

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either directly or indirectly. In relation to funds, this primarily means the protection of the common interests of the unitholders, with corporate governance seeking to attain long-term value appreciation of the fund holdings. The common interest of unitholders refers to the performance of the holdings in the fund being optimal, relative to the investment policies and risk profile defined in the fund bylaws. As concerns asset management, the protection of the asset management clients' interests refers specifically to the actions with which UB Asset Management monitors the target companies in which UB Asset Management invests on behalf of its clients.

With its investment activities, UB seeks long-term profits by selecting the best investment objects possible. This requires effective risk management. Corporate governance is one of the prerequisites for attaining long-term objectives.

Corporate governance is taken into account as part of UB's sustainable investment activities. Sustainability considerations have been integrated as part of our investment process. Sustainability encompasses questions pertaining to the environment, social responsibility and good governance (Environmental, Social and Governance, *i.e.* the ESG considerations). The manner in which sustainability is implemented in different asset categories is outlined in more detail in UB's sustainable investment principles and in the fund-specific sustainability reports.

In the spring of 2012, UB signed the UN Principles for Responsible Investment (PRI). UB is also a member of Finland's Sustainable Investment Forum (Finsif).

4 Corporate Governance Practice

Corporate governance is exerting influence and using the right to vote in Annual General Meetings of Shareholders, as necessary. Exerting influence prior to making an investment decision seeks to ensure the suitability of the investment object, and exerting influence retrospectively protects the interests of the fund unitholders and of asset management clients. The corporate governance practice in investment objects varies depending on whether investing takes place directly or indirectly, or whether the investment object is owned in full, through a majority holding or a minority holding. For instance, the corporate governance actions to be carried out in relation to proportionally smaller shareholdings in the funds may be less active than in relation to proportionally larger holdings. In practice, this entails that we will typically attend the Annual General Meetings of Shareholders of the target companies of proportionally smaller shareholdings only if this is considered expedient.

4.1 Target Company Selection

In making investment decisions as part of asset management or fund portfolio management, UB assesses and selects the target companies in accordance with the investment strategy of the client or the fund. As part of the target company assessment and in order to seek long-term profits, the familiarisation with the target company takes account of the factors described in these principles. Prior to investing, matters related to the target company may be examined, for instance, by monitoring the stock exchange releases issued by the target company, its financial statements and annual reports, by exploring the target company's website and, if necessary, by posing questions to the management of the target company.

The Securities Market Association has published the Corporate Governance Code for Finnish companies listed on the Helsinki Stock Exchange, which UB expects companies listed on the Helsinki Stock Exchange to comply with. In addition, companies are expected to take factors pertaining to the environment, society and good governance into account in their operations.

4.2 Monitoring Target Company Operations

The operations of target companies are monitored from various public sources, for instance from target companies' stock exchange releases and media sources. In addition to monitoring public sources, UB may, subject to case-by-case discretion, attend Annual General Meetings of Shareholders and other

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investor information events organised by the companies.

Annual General Meetings of Shareholders and other events organised by target companies are attended particularly when the company in question is one where UB's asset management client or fund has a considerable holding, or when the matter being addressed is of particular relevance for the value development of the shares of the company being the object of the investment.

4.3 Exercise of Voting Right at Annual General Meetings of Shareholders

The Managing Director of UB Asset Management resolves upon participation in Annual General Meetings of Shareholders in relation to asset management customers. When the question relates to a fund's share ownership, the managing director of UB Asset Management, together with the responsible portfolio manager of the fund, makes the decision concerning the persons attending same and the voting policy. The decision concerning attendance at Annual General Meetings of Shareholders is made based on consideration, and the decision concerning attendance is impacted, for instance, by the magnitude of the holding in the company, the topics being discussed as well as the possibility to exert influence achievable through voting behaviour. Especially as concerns more substantial holdings, also Annual General Meeting of Shareholders materials and appendices to same may be reviewed in support of the decision-making. If the shareholding of the fund being managed or of UB's asset management client in the target company is low, the Annual General Meetings of Shareholders of the target company are only attended in exceptional circumstances.

4.4 Dialogue with Target Company Management, Other Shareholders and Stakeholders

The dialogue with the management and other shareholders and stakeholders of the target companies is as a general rule limited to the liaisons occurring at the Annual General Meetings of Shareholders. A dialogue with the management and other shareholders of the target companies may, however, be opened as one means of exerting influence, in case the holding in the target company is considerable and the dialogue is considered warranted because something is detected in the operations of the target company that requires additional clarification, or if it is deemed that a dialogue outside of the Annual General Meeting of Shareholders is important in order to secure the interests of the owners.

5 Preventing Conflicts of Interest

In their investment activities and business operations, UB Asset Management and UB Fund Management Company strive to identify, manage and prevent conflicts of interest in accordance with the principles they have determined. If conflicts of interest arise, it must then be ensured that UB Asset Management's asset management clients, the funds managed by UB Fund Management Company and their unitholders, as well as UB's other clients are always treated as equally and fairly as possible, securing the interests of the clients. Further information concerning the identification, management and prevention of conflicts of interest is available on our [website](#).