



The Active Ownership Policy

The Church Pension Fund

2026

 THE CHURCH
PENSION FUND
EV. LUTH. CHURCH OF FINLAND

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1. Introduction

The Church Pension Fund serves as the pension institution of the Evangelical Lutheran Church of Finland. The Pension Fund is responsible for financing the pensions of Church employees and for investing pension assets. The strategic objective of the Pension Fund's investment activities is to accumulate assets to cover pension liabilities in a productive, secure and responsible way, taking sustainability into account. In all investment activities, the Church Pension Fund considers responsibility factors, i.e. environmental, social and governance (ESG) issues, as well as broader sustainability themes. Effective active ownership supports the promotion of good governance, sustainability practices and the long-term value development of the Pension Fund's investee companies.

The Active Ownership Policy has been prepared in accordance with Section 9 of the Act on the Church Pension Fund (656/2023), and the Board of Directors of the Pension Fund approved the policy on 15 June 2026.

2. Active ownership as part of the investment strategy of the Pension Fund

The Church Pension Fund's investment activities follow its Investment Strategy and Responsible Investing Guidelines, supported by its Climate Strategy and Active Ownership Policy.

The Active Ownership Policy defines the Pension Fund's expectations as an owner, as well as the means and procedures for implementing active ownership, through which the Pension Fund seeks primarily to influence the governance and operating practices of its directly held listed equity investments. The principles are applied, where applicable, also to indirect investments. Active ownership practices vary depending on whether the investment is direct or indirect.

The key foundations of the Pension Fund's Active Ownership Policy are responsibility, transparency, the promotion of good governance, and the equal treatment of shareholders. The Pension Fund implements active ownership primarily in three ways: by participating in the general meetings of the companies it owns, by engaging in dialogue with companies, and by encouraging asset managers to develop their own active ownership and engagement practices. Active ownership is carried out in cooperation with asset managers, other investors and service providers. Related-party and insider regulations must always be considered when implementing active ownership.

3. Active ownership at the Pension Fund

3.1. The Pension Fund's expectations as an owner

The Church Pension Fund expects companies to demonstrate a long-term approach, transparency, equal treatment of shareholders, sustainable value creation in relation to risk, adherence to good governance, and compliance with applicable regulation. In the case of direct equity investments, companies are expected to

comply with local corporate governance codes, applicable legislation and regulation, as well as internationally recognised best practices in corporate governance. Finnish companies are expected to comply with the Finnish Corporate Governance Code. In addition, companies are expected to adhere to international norms and agreements. Any deviations from local governance codes or legislation should be clearly and adequately justified. Unlisted companies are expected to follow local governance codes and internationally recognised best practices in corporate governance, where applicable, taking into account the operating environment, as well as the size and position of the company. Various recommendations and guidelines are available for unlisted companies to support good governance and board work.

At general meetings, the Church Pension Fund generally supports proposals made by the boards of directors of companies, provided that they are not in conflict with the interests of shareholders. In matters related to good governance, the Church Pension Fund wants particularly to emphasise the following topics:

Equality of shareholders: Equality is realised when all shares confer equal rights in the company, unless otherwise provided in the articles of association. Neither the general meeting, the board of directors nor the chief executive officer may make decisions or take measures that confer an undue advantage to a shareholder or another party at the expense of the company or another shareholder. The primary purpose of the principle of equality is to protect minority shareholders. Compliance with the principle does not prevent the exercise of majority control but prevents favouring certain shareholders at the expense of others.

Board of Directors: The duty of the Board of Directors is to promote the interests of the company and all its shareholders. Members of the Board do not represent the parties that proposed them. From the perspective of the Board's responsibilities and effective functioning, it is essential that the Board consists of a sufficient number of members and that its members possess adequate and diverse expertise, as well as complementary experience and industry knowledge. A well-balanced Board composition includes equitable gender representation. When preparing the composition of the Board, due consideration must also be given to diversity and the independence of Board members.

Duty of care and loyalty of management: The duty of care and loyalty of management as set out in the Limited Liability Companies Act supports the realisation of the principle of equality. Management is obliged to act with due care to promote the interests of the company. The interests of the company are aligned with the common interests of all shareholders and the generation of profit for the owners. In practice, the objective of profit generation refers to maximising the long-term value of the company. This objective may only be deviated from where explicitly provided in the articles of association.

Remuneration: Remuneration constitutes compensation for the contribution made to the company and is a key incentive mechanism used to direct and motivate company management. Remuneration may also be used to retain individuals and support the continuity of operations. Effective and competitive remuneration is an essential tool for attracting capable management, thereby contributing to the company's financial success and good governance. Remuneration should support the achievement of the company's objectives and strategy, as well as its long-term performance. It must be proportionate to the company's development and long-term value creation. Transparency in remuneration structures and decision-making enables shareholders to assess the appropriateness of remuneration, its link to performance, and facilitates comparability of practices. In the remuneration of the Board of Directors, the level of fees should be

assessed against previous years and relevant peer groups. The Church Pension Fund also encourages the inclusion of relevant sustainability factors in remuneration.

Reporting: The Church Pension Fund expects open and transparent reporting regarding the company's operations, governance, remuneration and sustainability. Transparency enhances interaction between investors and the company and fosters trust. Reporting must be timely and include, in addition to financial information, a description of corporate governance, as well as reporting on sustainability matters that are material to the company's stakeholders and strategy, and compliance with applicable regulation. The Church Pension Fund encourages companies to report, for example, on climate and nature-related matters in line with recognised reporting frameworks.

Sustainability: Acting in the best interests of the company often requires adherence to socially acceptable practices, such as taking sustainability and responsibility matters into account and promoting an ethical corporate culture, even in situations where such conduct is not mandated by legislation. It is also often in the company's interest to engage in cooperation and dialogue with its stakeholders. As a responsible investor, it is essential for the Church Pension Fund that companies operate in a responsible and sustainable manner. The Pension Fund encourages companies to develop sustainability strategies and to set sustainability targets. The Church Pension Fund generally takes a positive stance towards proposals at general meetings that promote sustainability in line with its responsible investment guidelines and climate strategy.

3.2. Monitoring the activities of investee companies in matters relevant to the investment strategy

Most of the Church Pension Fund's investments are made through funds, in which case the monitoring of investee companies is primarily the responsibility of the asset managers. The Pension Fund's investment organisation also conducts its own analysis and monitoring as part of portfolio management and maintains active dialogue with asset managers. Portfolio managers at asset managers utilise, for example, company reporting, meetings, as well as the asset managers' own databases and those of external service providers in their work.

The Church Pension Fund also obtains information on its investee companies through the active ownership and engagement methods described in section 3.4 and makes use of this information in its discussions with asset managers.

3.3. Exercising voting rights and other rights attached to shares in investee companies

The highest decision-making body of a company is the General Meeting, where shareholders exercise their decision-making power. The Annual General Meeting must be held once a year. An Extraordinary General Meeting must be convened at the request of shareholders if, for the purpose of addressing a specific matter, the shareholders making the request represent at least 10 per cent of the company's shares. The powers of

the General Meeting include matters stipulated by law or the Articles of Association, such as the remuneration and election of the members of the Board of Directors and the auditors, the adoption of the financial statements and decisions on the distribution of funds, the granting of discharge from liability to management, amendments to the Articles of Association, and decisions related to the company's shares or share capital. The remuneration policy and remuneration report of governing bodies, as defined in the corporate governance code, are also considered at the General Meeting.

Participation in and voting at General Meetings are an essential part of the Church Pension Fund's active ownership. Generally, the Pension Fund invests through external asset managers, making cooperation with asset managers a key element. The Pension Fund also holds direct shareholdings through segregated mandates.

Regarding Finnish shareholdings, the Church Pension Fund participates in General Meetings in cooperation with the asset manager responsible for the equity mandate. Prior to the AGM season, practical arrangements are agreed with the asset manager, and responsibilities for participation in individual General Meetings are allocated. Separate practical guidelines have been prepared for asset managers managing equity mandates. If proposals to be presented at the General Meeting deviate from the Pension Fund's guidelines or require additional information, the Pension Fund, in cooperation with the asset manager, will contact the company prior to the General Meeting. The Pension Fund may also, where appropriate, participate in proposals submitted by shareholders to the General Meeting.

The Church Pension Fund may also hold direct shareholdings in other geographical regions, in which case active ownership may include the use of an external proxy voting service provider for voting purposes. In such cases, it is ensured that voting and active ownership practices are aligned with the Pension Fund's objectives and policies.

In fund investments, the asset manager is responsible for active ownership. As fund investments constitute a significant portion of the Church Pension Fund's investment assets, the asset manager's principles and practices are carefully assessed during both the fund selection and monitoring phases. A key monitoring tool is the annual ESG survey, which assesses the asset manager's active ownership and engagement activities. In addition, asset managers' PRI reports, prepared in accordance with responsible investment principles, as well as their separate sustainability reports, provide information on the implementation of active ownership and engagement.

3.4. Dialogue with investee companies, other shareholders and stakeholders

In addition to General Meetings, the Church Pension Fund and its asset managers engage in dialogue with the investee companies they own, other shareholders and stakeholders.

Representatives of the Church Pension Fund meet with company representatives on an annual basis, for example on matters related to sustainability. The selection of companies to be met is determined in

cooperation with the asset managers responsible for equity mandates. In addition, asset managers meet and engage in discussions with companies independently as part of their investment analysis.

Regarding fund investments, the Church Pension Fund monitors the activities and practices of funds through regular portfolio manager meetings and an annual ESG survey. Matters related to active ownership, engagement and ownership control are addressed in portfolio manager meetings. In addition, the ESG survey evaluates the asset managers' activities in relation to active ownership and engagement, and feedback is provided to asset managers based on the Pension Fund's observations and expectations.

The Church Pension Fund also carries out engagement activities with companies in cooperation with external service providers. Considering the Pension Fund's resources, cooperation with service providers is efficient and combines the needs, resources and objectives of multiple investors. Engagement may focus, for example, on norm-based engagement as well as thematic engagement, in which the Pension Fund selects sustainability themes that are important for its activities.

Various investor initiatives are an essential part of the Church Pension Fund's engagement activities. Multiple investors may participate in such initiatives, the purpose of which is to influence companies' practices through as broad and influential an ownership base as possible.

4. Participation of the Pension Fund's personnel and management in the governance of other entities

4.1. Entities owned by the Pension Fund

The senior management and personnel of the Church Pension Fund do not, as a general rule, participate in the boards of directors or supervisory boards of listed companies in order to avoid conflicts of interest. The Church Pension Fund may cooperate with other owners and ownership groups to promote the appointment of high-quality boards of directors, for example through nomination committees. In addition to listed companies, the Pension Fund may directly own real estate and housing companies, as well as companies that directly support its real estate operations, in which it exercises direct ownership control.

In investment funds and illiquid fund investments, the Church Pension Fund seeks to monitor the performance and success of its investment targets in a similar manner as in direct investments. In so-called club funds for illiquid investments, unlisted companies jointly owned by two or more investors, a member of the Church Pension Fund's personnel may also serve as a member of the board of directors. Where deemed necessary from the perspective of conducting, supervising and ensuring the performance of investment activities, the Church Pension Fund may appoint a representative to the Advisory Board of a long-term investment fund or to similar expert bodies.

4.2. Ancillary activities and positions of trust

The active ownership principles set out the Church Pension Fund's policies regarding the participation of its personnel in the Boards of Directors, supervisory boards and similar governing bodies of other entities or foundations. Ancillary activities and positions of trust do not include roles such as membership in the boards of housing companies or other positions of trust that are not related to the duties of the Church Pension Fund's personnel.

Participation by the Church Pension Fund's personnel in the governing bodies of other entities must not compromise the performance of their duties at the Pension Fund, hinder investment decision-making, or endanger independence. The Director of the Church Pension Fund decides on the participation of personnel in the governing bodies of other entities. The participation of the Director of the Church Pension Fund in the governing bodies of other entities is decided by the Secretary General of the Church Council. Participation in such governing bodies always requires the decision-maker to assess issues related to insider status, related parties, disqualification and conflicts of interest.

In accordance with Section 10 of the Act on the Church Pension Fund (656/2023), the Pension Fund maintains an up-to-date public register of positions of trust on its website.

