1 January 2022

RESPONSIBLE INVESTMENT AND ADDRESSING SUSTAINABILITY RISKS AND IMPACTS

Evli Fund Management Company takes account of sustainability risks in its investments and in particular of the investments' principal adverse impacts on sustainability factors in accordance with Evli Group's Principles for Responsible Investment. Sustainability risk refers to an environmental, social or governance event or condition that, if it occurred, could cause an actual or a potential material negative impact on the value of the investment. Sustainability factors refer to environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. Significant sustainability risks can affect the financial performance of investment instruments, and therefore the return of funds. Evli Group's Principles for Responsible Investment are asset class-specific and cover all the active investments under Evli's management. Evli Group's Principles for Responsible Investment are publicly available on Evli's website at www.evli.com/en/responsibility/responsible-investing.

Below is information on the consideration of sustainability risks in Evli Residential II and the fund's sustainable investment objective. Evli Residential II Feeder A is a feeder fund that invests only in Evli Residential II.

The abbreviation ESG refers to the term Environmental, Social and Governance.

EU Taxonomy Regulation (2020/852) refers to legislation defining environmentally sustainable economic activities and the reporting obligations for companies and financial products related to such economic activities.

Taking sustainability risks into account

The Fund takes sustainability risks into account in its investment decisions. In the investment process the portfolio manager assesses the development project from an ESG perspective as part of the overall investment decision. If a significant and unresolved ESG issue is revealed in the assessment, there will be no investment. As the Fund is involved in the development of real estate, it has better opportunities to influence selected building-specific solutions than it would if it were buying completed real estate. If realized, significant sustainability risks can affect the financial performance of the Fund's investment instruments, and therefore the return of the Fund.

SFDR classification: article 8

Corporate governance

The limited liability housing companies built by the fund are managed in accordance with good corporate governance, taking into account stakeholders. Also during the construction period, good governance is required of all partners and compliance with it is a prerequisite for cooperation.

Promotion of sustainability factors

In its investment activities, the Fund promotes environmental factors in addition to other factors. The Fund promotes climate change mitigation. As the fund participates in the development of real estate sites, it is able to have an influence on environmentally responsible building solutions already at the planning stage. The energy solutions focus on geothermal heat, solar collectors and more efficient heat recovery. Many investments in energy efficiency are also financially sensible in terms of life-cycle costs. In material selection, we focus on low-emission solutions. During the investment period of housing companies, the Fund aims to promote factors related to the environmental through its own actions and decisions, for example by trying to achieve greater energy efficiency by the real estate. In addition, space solutions at the planning stage and the Fund's own actions and decisions during the investment period are intended to improve the comfort and communality of the investments.

The Fund may make investments in environmentally sustainable economic activities, transitional activities or enabling economic activities that meet the criteria of the EU Taxonomy Regulation, but the fund does not undertake to make any such investments. In order for an economic activity to be considered environmentally sustainable under the EU Taxonomy Regulation it must not, in addition to contributing to one or more environmental objectives, cause significant harm to other environmental objectives mentioned in the Regulation. The “do no significant harm” principle applies only to fund investments that take into account the EU criteria applicable to sustainable economic activities. The EU criteria for sustainable economic activities are not taken into account with regard to other investments in this fund.

The Fund does not use a benchmark index.

The promotion of sustainability factors will be monitored by reporting on the real estates’ energy consumption, energy class and CO_2 emissions. The fund’s reporting will comply with the Principles for Responsible Investment framework required by the UN PRI. Building-specific energy consumption and CO_2 emissions are reported in accordance with the Global Reporting Initiative (GRI) standard. The Fund also commissions resident satisfaction surveys. In addition to these, the Fund will report on the achievement of the promotion of sustainability factors in accordance with the Sustainable Finance Disclosure Regulation.

More information about sustainable investing at Evli Group and disclosures in accordance with European Union Sustainable Disclosure Regulation is available at www.evli.com/en/responsibility/responsible-investing.