

## ADDRESSING SUSTAINABILITY RISKS AND ADVERSE SUSTAINABILITY IMPACTS

On April 1, 2022, Evli Plc's (Evli) Responsible Investment Executive Group approved the following principles regarding the addressing of sustainability risks and adverse sustainability impacts. Sustainability risk refers to an environmental, social or governance event or condition that, if it occurred, could cause an actual or potential material negative impact on the value of an investment. These principles regarding the addressing of sustainability risks and adverse sustainability impacts will be applied whenever Evli Plc and/or Aurator Asset Management Ltd invest client assets under their asset management in, and/or whenever they offer investment advice to, the funds managed by Evli Fund Management Company Ltd and the assets under its asset management. Therefore, the same principles will be applied throughout the Evli Group, and the word "Evli" below will refer to all Evli Group companies.

A legislative amendment that is pending in the European Union will require companies providing investment services to establish clients' preferences regarding the responsibility and sustainability of the clients' investments in conjunction with offering investment services. When the new regulation enters into force, Evli will determine and take account of any sustainability and responsibility preferences the client may have when offering asset management services and investment advice.

Evli takes account of the sustainability risks in its investments and of the principal impacts of its investments on sustainability factors in accordance with Evli's Principles for Responsible Investment. Evli's Principles for Responsible Investment are asset class-specific and cover all the active investments under Evli's management.

Evli's Principles for Responsible Investment cover:

- Evli Wealth Management's principles for responsible investment
- Evli's climate principles
- Evli's ownership control principles
- Evli Growth Partners Fund I Ky's principles for responsible investment
- Evli Private Equity I & II Ky's and Evli Infrastructure Fund Ky's principles for responsible investment
- Principles for responsible investment for real estate funds.

The above-mentioned principles describe how Evli identifies and analyzes sustainability impacts and the related indicators and what Evli's procedures are with respect to these. One example of a negative sustainability impact is a breach of a norm, i.e. an act that breaches the principles of the UN Global Compact corporate responsibility initiative, for which Evli has specified a systematic procedure. We monitor Evli's own funds and direct equity investments to find out whether they contain companies that violate the principles of the UN Global Compact. The UN Global Compact is an international corporate responsibility initiative that requires companies to respect human rights, implement anti-corruption measures and consider environmental issues. It is made up of ten principles, which are derived from the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention Against Corruption. If we discover that a company we have invested in is violating the principles of the UN Global Compact, we will first analyze the situation with the portfolio manager after which the Responsible Investment team will decide on further action. There are two options for further action: to start engagement activities or to place the company on the list of excluded investments. The purpose of engagement activities is to change the company's practices so that they become more responsible.

Evli also has separate ownership control principles which describe the ownership control methods used by Evli. Evli reports on the responsibility of its funds and its client portfolios with fund/portfolio-specific ESG reports, which extensively describe the indicators related to responsibility and sustainability

impacts. The implementation of the ownership control principles is reported in Evli Group's responsible investment annual report.