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 Private Equity Fund III and the fund's sustainable investment objective. Evli Private Equity III Feeder A is a feeder fund that invests only in Evli Private Equity Fund III.

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

Evli Private Equity III takes account of sustainability risks as part of the due diligence process and the investment decision. The Fund analyses target funds from the perspective of sustainability risks and ensures that target funds take sustainability factors into account in their own investment activities. If the target fund manager has significant problems and risks related to sustainability factors or if the fund manager does not take sustainability risks into account in its investment activities, the investment will not be made in the target fund. If the target fund's practices related to sustainability factors have deficiencies, for example in its exclusion and reporting principles, the Fund aims to make a separate agreement between the Fund and the target fund manager to cover deficiencies. If realized, material 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

Evli Private Equity III requires good governance practices from the fund managers of the target funds. An assessment of the quality of corporate governance is an integral part of the assessment of the Fund's potential target funds. The governance assessment addresses the four areas of good governance (well-functioning governance structures, employee relations, remuneration of employees and compliance with tax regulations) in the fund manager's and its management's business, ability to assess the risks associated with good governance and the tools available for this. Similarly, Evli Private Equity III target funds require good corporate governance in accordance with their own ESG policy.

Promotion of sustainability factors

Evli Private Equity III promotes sustainability as part of its investment activities by integrating sustainability into the due diligence process, evaluating fund managers during the ownership phase, excluding certain sectors, and seeking to influence fund managers through active dialogue. The sustainability factors that the fund promotes in particular are related to the environment and society. During the investment process, Evli Private Equity III evaluates the target fund and the fund manager's ESG policies and practices and whether they promote environmental and social activities or combinations of these activities. As part of the target fund's due diligence process, the investment's material risks related to the environment, society or governance are identified. In the investment phase, Evli Private Equity III gives each fund manager an ESG rating based on an assessment made by the investment team. The ESG assessment is repeated annually, and the results are reported to Evli Private Equity III investors. The ESG assessment reviews the fund manager's ESG policy, including the target fund's exclusion principles and the international standards followed by the target fund, the consideration of sustainability factors in investment activities (due diligence, value creation, active ownership, and risk management) and the reporting of sustainability factors.

Environmental and social factors are also promoted through the Fund's broad exclusion policy. The Fund excludes investments in industries that are harmful or controversial such as tobacco, adult entertainment, controversial lending, the arms industry, and peat production. The Fund also does not invest in target funds that do not exclude companies that deal with, for example, child labor and corruption.

The fund encourages the fund managers of the target funds to incorporate sustainability factors into the various areas of their operations. Evli Private Equity III does not make a commitment to a fund that does not have an ESG policy or is not committed to responsible investment practices (such as the United Nations Principles for Responsible Investment (UNPRI)).

During the ownership phase, portfolio managers regularly monitor and evaluate fund managers' ESG practices and performance through target funds' ESG reporting and through a regular ESG survey conducted by Evli Private Equity III, and aim to actively co-operate with target fund managers to reduce the likelihood of sustainability risks materializing.

The Fund also follows Evli's general exclusion practices and Evli's general and the Fund's own Principles for Responsible Investment, which are publicly available on Evli's website at www.evli.com/en/responsibility/responsible-investing. Evli Private Equity III reports annually on the ESG performance of the target funds in a separate ESG report. Evli Private Equity III will report on the achievement of the promotion of sustainability factors in accordance with the Sustainable Finance Disclosure Regulation. The fund does not have a benchmark.

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.