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Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Evli Plc (LEI code 984500F4CCF3AD74F766)

Summary

Evli Plc considers principal adverse impacts of its investment decisions on sustainability factors.

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Evli Plc and its subsidiaries, namely Evli Fund Management Company Ltd and Aurator Asset Management Ltd (collectively referred to as "Evli").

This statement on principal adverse impacts on sustainability factors covers the reference period from January 1, 2022 to December 31, 2022.

Evli has considered the principal adverse impacts of its investment decisions on sustainability factors during 2022 and developed a process to measure and consider impacts in different asset classes. Adverse impacts on sustainability risks have been considered in accordance with Evli's Principles for Responsible Investment and Climate Change Principles and Evli's climate targets. In addition, Evli has developed a tool for reviewing indicators of the principal adverse impacts on sustainability factors before and during the investment period. The indicators describing the principal adverse impacts of Evli's investments and the associated actions and targets are presented later in the report.

To mitigate adverse environmental impacts, Evli strengthened its climate commitment by signing the Net Zero Asset Managers (NZAM) initiative, which aims to strengthen and further specify emission reduction targets in order to meet the objectives of the Paris Climate Agreement. Efforts have been made to monitor more closely the impact of investment activities on biodiversity loss, but the limited data and the limitations of standards remain a challenge.

Evli has considered adverse issues related to society and employees in accordance with its Principles for Responsible Investment and serious violations have been analyzed and, where possible, Evli has engaged with the companies or, as a last resort, divested from them. Evli also suspended and, where possible, divested from all investments in Russia in 2022 for breach of international agreements.

Minor holdings in companies and countries that violate the UN Global Compact principles or OECD guidelines (0.52% of companies), are involved in the manufacture or sale of controversial weapons and firearms (0.01% of companies) or have

<table>
<tr><td colspan="6">committed violations of social legislation (1.02% of sovereign debt holdings) are generally based on index investments in line with Evli's investment strategies and not on direct equity and fixed-income investments managed by Evli itself.</td></tr>
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<tr><td colspan="6">CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</td></tr>
<tr><td rowspan="3">Greenhouse gas emissions</td><td rowspan="3">1. GHG emissions</td><td>Scope 1 GHG emissions</td><td>1,085,380.93</td><td>Sum of investee companies' Scope 1 GHG emissions (tCO2e) weighted by the size of the investment relative to the overall value of the company.</td><td rowspan="3">In line with Evli's Climate Change Principles and targets, the investee companies' GHG emissions are monitored. In line with Evli's Climate Change Principles, Evli avoided investments in companies in which significant share (at least 30%) of revenue comes from the mining of thermal coal or its use in energy production or the extraction of oil sands. It is possible to waive this if the company has a clear plan to change its operations. In addition to this, companies producing peat for energy production are excluded as investments. In addition, portfolio management tools can be used to track companies' broader exposure to the fossil fuel sector. In line with Evli's climate targets, the companies' emission reduction targets are monitored, with the focus often on reducing energy consumption and switching to renewable energy sources. In addition, investment targets are monitored regularly and efforts are made to engage with companies to influence their practices. If a company is discovered to be violating the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises regarding human rights, labor rights,</td></tr>
<tr><td>Scope 2 GHG emissions</td><td>234,855.52</td><td>Sum of investee companies' Scope 2 GHG emissions (tCO2e) weighted by the size of the investment relative to the overall value of the company.</td></tr>
<tr><td>Scope 3 GHG emissions</td><td>4, 656,052.45</td><td>Sum of investee companies' Scope 3 GHG emissions (tCO2e) weighted by the size of the investment relative to the overall value of the company.</td></tr>
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					environment, anti-corruption activities, Evli will either seek to influence the company's actions or exclude it from its investments. Evli's goal is to achieve carbon neutrality by 2050 at the latest, and it has set an interim target of a 50 percent reduction in indirect emissions from all investments by 2030, provided that this is possible in the investment environment. The comparison year is 2019. The fund-specific share of the emission reduction target may vary between funds. The carbon footprint and emission indicators of the funds are measured and monitored, and a regular scenario analysis is also conducted to monitor the attainment of Evli's general climate targets. During the year, Evli reinforced its climate commitment by signing the Net Zero Asset Managers (NZAM) initiative. Work on climate objectives continued by creating a snapshot, developing climate risk management and with engagement, and the Climate Working Group focused on identifying best practices and building on them to develop clear next steps for 2023. The climate targets, together with the Climate Change Principles, provide a systematic approach to taking climate change into account in investments.
		Total GHG emissions	5,977,532.80	Sum of investee companies' Scope 1, 2 and 3 GHG emissions (tCO2e), weighted by the size of the investment relative to the overall value of the company.	
	2. Carbon footprint	Carbon footprint	606.98	Sum of investee companies' Scope 1, 2 and 3 GHG emissions (tCO2e) as a weighted average relative to the overall value of the investee companies' equities and bonds.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	931.93	Scope 1, 2 and 3 GHG intensities (tCO2e / EUR million revenue) of investee companies as a weighted average with the current value.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	6.88%	Share of investee companies whose business is related to fossil fuels, including the extraction, processing, storage and transportation of	

				petroleum products, natural gas and coal as a weighted average with the current value.	
	5.Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	75.87%	Share of non-renewable energy consumption and/or production of the investee companies in relation to total energy consumption and/or production, weighted with the current value.	
	6.Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE economic activity A (Agriculture, forestry and fishing) 7.94 NACE economic activity B (Mining and quarrying) 3.24 NACE economic activity C (Manufacturing) 1.37	Current value of energy consumption intensity (GWh / EUR million revenue) of the investee companies in high impact climate sectors as a weighted average. Due to the limited amount of data related to specific economic activities that are available for companies, the data are based on company-level calculations.	

			NACE economic activity D (Electricity, gas, steam and air conditioning supply) 7.75 NACE economic activity E (Water supply, sewerage and waste management and remediation activities) 2.02 NACE economic activity F (Construction) 0.14 NACE economic activity G (Wholesale and retail trade; repair of motor vehicles and motorcycles) 1.14		

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			NACE economic activity H (Transporting and storage) 3.96 NACE economic activity L (Real estate activities) 0.49		
Biodiversity	7.Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.01%	Share of investee companies whose operations in biodiversity-sensitive areas have caused significant negative impacts on these areas, weighted with the current value.	In line with Evli's Principles for Responsible Investment, monitoring is carried out on companies that violate the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or the OECD's Guidelines for Multinational Enterprises and pre-defined measures are launched if serious breaches related to biodiversity are identified. In addition, portfolio management tools can also be used to monitor ambiguous situations where there is a risk of serious breaches of the norm.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	242.85	Sum of wastewater discharged to surface water by the investee companies (reported in tonnes) as a weighted average relative to the total value of the equities and bonds of the investee companies.	In line with Evli's Principles for Responsible Investment, monitoring is carried out on companies that violate the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or the OECD's Guidelines for Multinational Enterprises and pre-defined measures are launched if serious environment violations are identified. In addition, portfolio management tools can be used to monitor the companies' emissions to

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	92.35	Sum of hazardous waste generated by investee companies (reported in tonnes) as a weighted average in relation to the total value of equities and bonds of the investee companies.	water and the amount of hazardous waste produced by companies.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.52%	Share of investee companies whose operations have violated the UNGC principles or the OECD Guidelines for Multinational Enterprises weighted with the current value.	In line with Evli's Principles for Responsible Investment, monitoring is carried out on companies that breach the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or the OECD's Guidelines for Multinational Enterprises. If it is discovered that a company is violating the above-mentioned principles, the situation will be analyzed 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. In addition, the portfolio management tools can be used to monitor the gender pay gap figures reported by companies, as well as the gender diversity of company boards and how they compare to the average figures in the company's home country.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	29.52%	Share of investee companies that lack processes and compliance mechanisms to monitor the UN Global Compact principle or the OECD Guidelines for Multinational Enterprises weighted with the current value.	

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.03%	Unadjusted gender pay gap of investee companies (the difference between the average hourly pay of men and women relative to men's hourly pay) as a weighted average with current values.	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.20%	Gender diversity of the boards of the investee companies (share of women of all board members) as a weighted average.	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.01%	Share of investee companies linked to the manufacture or sale of landmines, cluster munitions, chemical and biological weapons, weighted with the current value. Also includes companies with links to controversial weapons through subsidiaries, joint ventures or investments.	During the year, Evli has excluded manufacturers of controversial weapons (landmines, cluster munitions, nuclear weapons, depleted uranium, chemical weapons, biological weapons) with a revenue threshold of 0%.
Indicators applicable to investments in sovereigns and supranationals					
Adverse sustainability indicator		Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period

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Environmental	15. GHG intensity	GHG intensity of investee countries	389.80	GHG intensities (Scope 1, 2 and 3 tCO2e / EUR million GDP) of the investee countries as a weighted average of the current value of sovereign debt.	Together with other investors, Evli signed the Global Investor Statement to Governments on the Climate Crisis, which urges governments to implement policies to limit the global temperature rise to 1.5 degrees Celsius.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	6 countries, 5.87% of countries	Investee countries on the sanctions list of the European External Action Service.	During the year, Evli excluded Russia from its investments as a region where investments can be made. The exclusion covers both Russian companies and the Russian state.
Indicators applicable to investments in real estate assets					
Adverse sustainability indicator		Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	1.06%	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels weighted with the current value.	In addition to its general Principles for Responsible Investment and its climate targets, Evli complies with the real estate funds' separate principles for responsible investment.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	62.54%	Share of real estate investments where those built before December 31, 2020 are energy class C and lower, or the primary energy	

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				indicator of those built after January 1, 2021 falls short of NZEB regulations, weighted with the current value.	

Description of policies to identify and prioritize principal adverse impacts on sustainability factors

On April 1, 2022, Evli's Responsible Investment Steering Group approved the following principles regarding the addressing of adverse impacts on sustainability factors. The principles are applied both when Evli invests its assets under management and in the investment decisions of funds managed by Evli Fund Management Company. Therefore, the same principles will be applied throughout the Evli Group, and in this statement the word "Evli" will refer to all Evli Group companies.

Evli takes account of the principal adverse impacts of its investments on sustainability factors (Principal Adverse Impact or PAI indicators) in accordance with Evli's Principles for Responsible Investment and its Climate Change Principles. Taking account of PAI indicators is carried out through an internal process based on Evli's Principles for Responsible Investment in a way that does not conflict with the client's own policies or investment preferences. An internal PAI tool has been built based on data from an external service provider to view PAI indicators relevant to the investment. The PAI tool allows portfolio managers to view PAI indicators relevant to the investment. In its investment activities, Evli takes into account all mandatory PAI indicators, plus additional climate indicator number 4. Investments in companies without carbon emission reduction initiatives and social indicators number 14. Number of identified cases of severe human rights issues and incidents. The Responsible Investment Team regularly reviews the adverse impacts highlighted by the tool.

Evli's methods of addressing the adverse sustainability impacts of investments covers the principles below:

- Evli Wealth Management's Principles for Responsible Investment
- Evli's Climate Change Principles
- Evli's climate targets
- Evli's ownership control principles
- Evli's Principles for Responsible Investment for direct private equity investments and funds
- Evli Private Equity, Evli Infrastructure and Evli Private Debt funds' principles for responsible investment

- Real estate funds’ principles for responsible investment.

Evli uses the data of an external data provider to monitor PAI indicators, Principles for Responsible Investment and Climate Change Principles. In addition, depending on the asset class, data can be collected directly from investment targets. The coverage of the data may vary from one investment to another.

Fund-specific or asset-class-specific principles may differ in the way that PAI indicators are taken into account. In addition, there are individual products per fund that do not take into account adverse sustainability impacts. Product-specific information is available in the fund prospectus, the information on alternative funds that is provided before investment and on the product’s website.

Engagement policies

Evli can carry out engagement in three ways: by engaging with companies, either alone or together with other investors, by attending general meetings and by holding corporate responsibility discussions at regular company meetings. The themes of Evli’s engagement are climate change mitigation, respect for human rights, anti-corruption measures, taking environmental issues into consideration, factors related to good governance and the reporting of responsibility factors. Evli's engagement themes and engagement based on identified breaches of norms are intrinsically linked to Evli's method of addressing the adverse sustainability impacts of its investments. The Responsible Investment Team analyzes active equity and corporate bond funds and asset management’s direct investments every three months for potential violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, as well as compliance with the Evli Climate Change Principles. Each norm violation and breach of the Climate Change Principles initiates a predetermined process at Evli. Each case is first discussed with the portfolio manager, after which the Responsible Investment Team analyzes the company’s situation. The Responsible Investment Team has two alternatives for further action: start engagement activities or sell the holding.

Evli may also carry out collaborative engagement with other investors when the target and goals of collaborative engagement are in line with Evli’s Principles for Responsible Investment / Principles for Climate Change or climate targets. Evli also attends general meetings in Finland. The decision to attend a general meeting is weighed up based on the matters to be discussed at

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the meeting and on our possibilities to influence these matters. Ownership control is described in more detail in Evli's and Evli Fund Management Company's joint ownership control principles. The implementation of the principles of ownership control is reported on the company's website, in its Responsible Investment Annual Report and as part of the mutual fund's semi-annual reports and annual reports.
References to international standards Direct equity investments and Evli's equity and corporate bond funds are monitored to see whether they include companies that breach the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or the OECD's Guidelines for Multinational Enterprises. 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 it is discovered that a company invested in is violating the afore-mentioned principles, the situation is first analyzed 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.
Historical comparison A historical comparison of the principal adverse impacts on sustainability factors will be available in the 2023 reporting period.

Additional climate and other environment-related indicators

Adverse sustainability impact	**Adverse impact on sustainability factors** **(qualitative or quantitative)**	**Metric**
Indicators applicable to investments in investee companies		
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		

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Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement 37.68%

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	**Adverse impact on sustainability factors** **(qualitative or quantitative)**	**Metric**
Indicators applicable to investments in investee companies		
Human rights	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis 0.00%

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