

EVLI

EVLI PLC

CORPORATE RESPONSIBILITY REPORT

2023



Responsibility

Wealth and responsibility drive positive change together

At Evli, responsibility has been an integral part of business for years and we are actively developing responsibility in our operations. Responsibility is also one of Evli's strategic focus areas. Evli has been awarded several years for the best expertise in responsible investment in Finland¹.

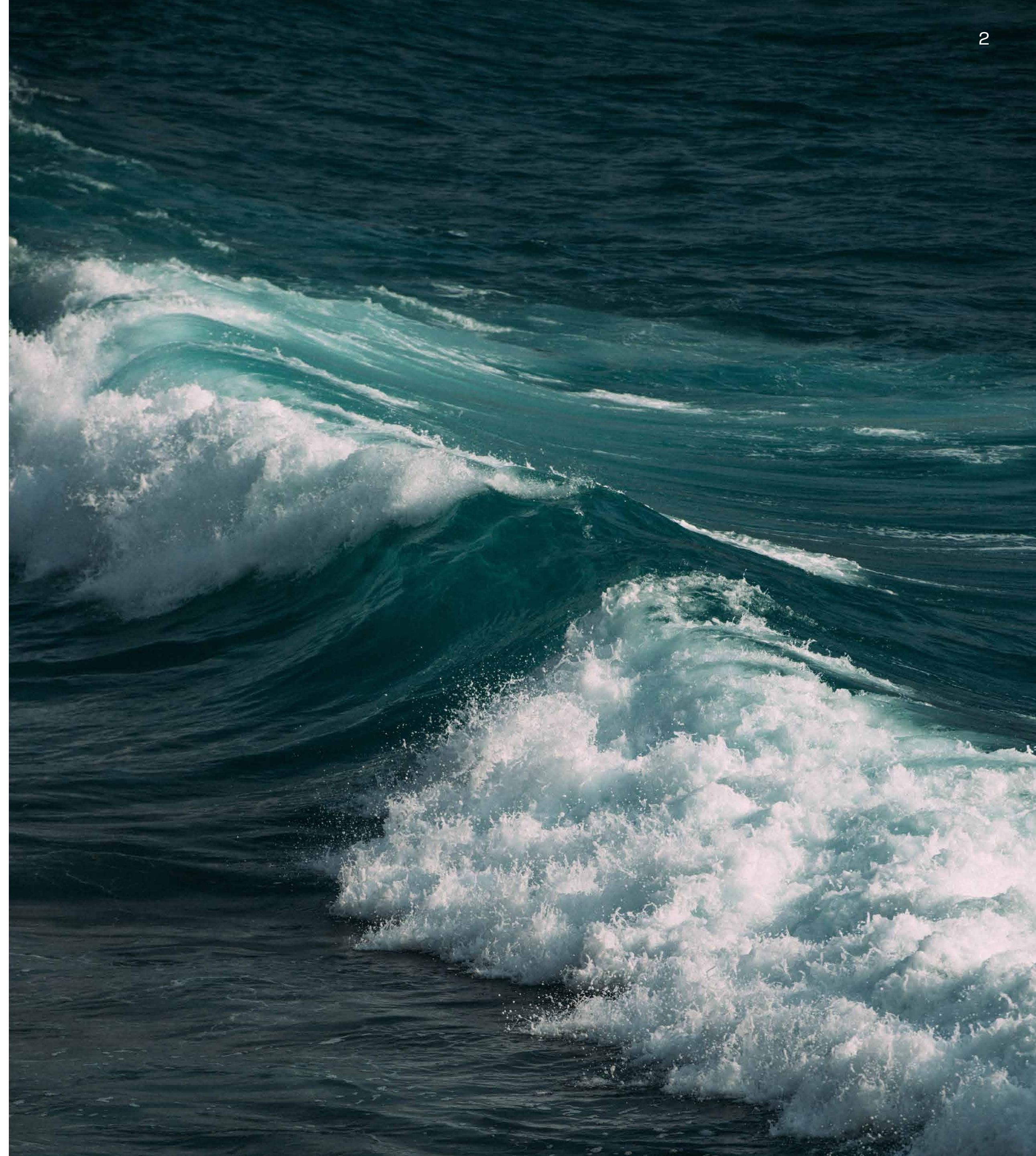
Responsibility built on Evli's values and transparency

Evli's business starts with clients and understanding their needs. The company's primary responsibility is to grow clients' wealth responsibly, according to their individual goals. Evli's client relationships are long-term and based on mutual trust and ethical business practices. When we help individuals and companies prosper in the long-term, we create progress also on a larger scale.

Evli's development and business opportunities depend not only on the trust of its clients, but also on the trust of its employees, owners, investors, partners, and society. To maintain and strengthen this trust, Evli must be proactive, transparent, highly ethical, and responsible in all aspects. Responsibility is based on Evli's values: entrepreneurship, valuable relationships, learning, and integrity. These values also form the foundation for the ethical principles which direct the actions of Evli and its employees and which guide the company's relationship with its clients and other stakeholders.

Evli seeks to be a responsible member of society and is committed to taking into account both the direct and indirect environmental impacts of its operations. Because corporate responsibility is part of Evli's everyday business operations, its annual report includes a corporate responsibility report. The responsibility section includes detailed information on how responsibility has been integrated into business operations and what indicators have been deemed essential for measuring Evli's responsibility.

¹ SFR Scandinavian Financial Research Institutional Investment Services Finland 2017, 2021, 2022; Kantar Prospera External Asset Management 2017, 2018, 2019, 2020, 2023 Finland



Responsibility report based on stakeholders' expectations

At Evli, responsibility is broadly defined as financial, social, and environmental responsibility. Ongoing dialogue with stakeholders is very important for Evli, as it helps to develop responsible ways of working and doing business. In 2018, for the first time, Evli conducted a materiality analysis for its key stakeholders to ensure that its responsibility report and responsibility priorities for the coming years reflect stakeholders' expectations and focus on issues that are material to the company. In 2020, the material topics were reassessed to ensure that these remain relevant and properly grouped. Based on the re-evaluation, the material topics remained unchanged, but the grouping was changed by dividing the material topics into three main groups: base, development areas, and focus areas, covering a total of eleven most relevant topics. In 2023, no changes were made to the analysis.

The materiality analysis has taken into account the importance of the issues raised for stakeholders and for Evli's business. The more detailed grouping also takes into account the opportunity for Evli to develop these areas to make its business more responsible. The base of the grouping are topics that create the foundation for business operations and are directly related to stakeholders' confidence in Evli and its business. At the middle of the grouping are the development areas, which are relevant to Evli and its stakeholders, enabling even more responsible business, and are partly determined by laws and regulations. At the top of the grouping are the focus areas of Evli's responsibility work. These are the topics that Evli has identified as significant to ensure its future competitiveness and create added value for its stakeholders in the long-term.

As a result of the materiality analysis, Evli has recognized, among others, that in improving responsibility and regarding environmental impacts, the single most important factor in Evli's operations is the responsibility of the company's investment operations and taking this into account in the product and service range.

Continuous dialogue with stakeholders

Evli's principal stakeholders are its clients, personnel, shareholders, investors, the authorities, partners, and media. An active and open dialogue with these principal stakeholders helps Evli to identify the areas of its operations that should be prioritized and developed. Regular discussions with different stakeholders form a foundation for understanding their views and needs. Correspondingly, it is important to tell stakeholders about the company's goals, execution policies, values, and changes in the operating environment. This helps create a common understanding and trust concerning business operations and factors that influence them.

Grouping of material topics based on the materiality analysis

Focus areas

- Responsible investing
- Profit performance
- Fairness: equality, non-discrimination and diversity
- Attractive employer

Prioritized areas of responsibility work at Evli. These have been identified as important to ensure Evli's future competitiveness and create added value for its stakeholders in the long-term.

Development areas

- Responsible marketing
- Work well-being and health
- Education and development
- Direct environmental impacts

Issues relevant to Evli and its stakeholders that enable more responsible business operations. Determined in part by laws and regulations. However, Evli itself determines how much it develops these areas of responsibility in order to be a more responsible company and to meet stakeholder expectations now and in the future.

Base

- Customer privacy protection and data security
- Taxes and tax footprint
- Prevention of corruption, bribes and money laundering

Areas that are fundamental to trust in the financial industry and are directly related to stakeholder confidence in Evli and its business. These are always handled in accordance with current legislation and regulatory requirements.

STAKEHOLDERS	STAKEHOLDER'S EXPECTATIONS	CHANNELS	EVLI'S ACTIONS IN 2023
<p>CLIENTS</p>	<ul style="list-style-type: none"> – Competitive products and services – Useful auxiliary and advisory services – Reliability, data protection – Service channels that meet needs – Responsible operations 	<ul style="list-style-type: none"> – Questionnaires and client feedback – Websites and social media channels – Client meetings, events and webinars – Emails, newsletters and phone calls 	<ul style="list-style-type: none"> – One new Article 9 UCITS fund and two new alternative investment funds were launched – The climate commitment was reinforced providing more specific milestones for the Net Zero Asset Managers (NZAM) initiative – Customer and investment product specific sustainability reports were published as part of reporting – Information in accordance with the Sustainable Finance Disclosure Regulation (SFDR) were given for funds and asset management strategies – Internal processes were developed to improve operational efficiency and customer service
<p>PERSONNEL</p>	<ul style="list-style-type: none"> – Fair treatment and open interaction – Job stability and competitive pay – Opportunities for professional development – Occupational health and well-being 	<ul style="list-style-type: none"> – Intranet and HR personnel system – Occupational healthcare – Performance reviews and training events – Personnel surveys and other internal surveys – Personnel events 	<ul style="list-style-type: none"> – The expertise and knowledge of the employees were developed – Operations were developed based on personnel surveys – Coaching was offered to management and employees on the theme of creating quality communication and encounters – The recruitment process and trainee program were developed
<p>SHAREHOLDERS AND INVESTORS</p>	<ul style="list-style-type: none"> – Creating long-term value – Profit performance – Dividend and good return on equity – Capital adequacy – Responsible operations 	<ul style="list-style-type: none"> – Interim and half-year reports, financial statements bulletins and annual report – Corporate Governance Statement – Remuneration policy and report – Stock exchange and press releases – Annual General Meeting, Investor and analyst meetings – evli.com 	<ul style="list-style-type: none"> – Evli updated its strategy – Operations were developed to create long-term stable financial performance – Economic, social and environmental aspects were taken into account in operations – Corporate transactions to increase efficiency and growth.
<p>PARTNERS (INCLUDING AGENTS AND DISTRIBUTORS)</p>	<ul style="list-style-type: none"> – Fair and equal treatment – Competitive products and services – Reliability and capital adequacy – Two-way communications 	<ul style="list-style-type: none"> – evli.com – Meetings and training – Emails and phone calls 	<ul style="list-style-type: none"> – Information and trainings about new products and services – Operational development based on feedback received – Open communication and continuous dialogue
<p>THE AUTHORITIES</p>	<ul style="list-style-type: none"> – Compliance with laws and regulations, integration of sustainable development with operations – Open, transparent and reliable reporting – Continuous interaction 	<ul style="list-style-type: none"> – Phone calls and emails – Participation in events and training 	<ul style="list-style-type: none"> – Compliance with new laws, regulations and provisions and developing business operations to adapt to changes in the operating environment – Open communication and continuous dialogue
<p>MEDIA AND JOURNALISTS</p>	<ul style="list-style-type: none"> – Relevant, reliable and open communications – Expertise 	<ul style="list-style-type: none"> – Press and stock exchange releases – Press events and interviews – evli.com and social media channels – Monthly reviews, newsletters, emails and phone calls 	<ul style="list-style-type: none"> – Multi-channel communication on topical matters – Prompt replies to inquiries and interview requests from the media – Media meetings
<p>LOCAL COMMUNITIES</p>	<ul style="list-style-type: none"> – Employment opportunities – Co-operation with universities – Support to communities and co-operation with businesses 	<ul style="list-style-type: none"> – Meetings, events and webinars – evli.com and social media channels 	<ul style="list-style-type: none"> – Universities' activities were supported – Summer employments and the trainee program were developed – Continued support for sports and cultural activities and environmental actions.

Focus areas in Evli’s responsible operations in 2023

In 2023, Evli’s sustainability work was divided into responsible products and services, responsible governance, and responsibility as an employer. In terms of responsible products and services, the focus areas were responsible marketing, customer privacy protection and data security, and responsible investing. The focus areas for responsible governance were profit performance, taxes and tax footprint, prevention of corruption, bribery and money laundering, and direct environmental impacts. As a responsible employer, Evli’s focus areas were fairness, health and well-being at work, training and development, and employer branding.

Responsible business supports the company’s value creation

Responsible products and services

- Responsible marketing
- Customer privacy protection and data security
- Responsible investing

Responsible governance

- Profit performance
- Taxes and tax footprint
- Prevention of corruption, bribes and money laundering
- Direct environmental impacts

Responsible employer

- Fairness: equality and diversity
- Health and well-being at work
- Training and development
- Employer branding



Responsible products and services

Evli's key principle is to offer products and services that meet its clients' needs and goals. In selling products and services, Evli focuses on ensuring that clients understand the product or service they are buying and the associated risks, as well as ensuring that the product or service suits the clients' investment goals. At Evli, responsible investing means that environmental, social, and good governance (ESG) factors are an integrated part of portfolio management.

Responsible marketing based on integrity, clarity, and transparency

Evli aims to be the leading asset manager and responsible capital allocator in the Nordic region. Achieving the aim, is supported by Evli's corporate culture, which is based on a mindset where the client's interests always come first and where the client's assets are managed as well as our own assets. It is based on hard work and resourcefulness, customer service and teamwork, building excellence and integrity in all Evli's activities. Moreover, in an increasingly unpredictable world, Evli strives to be one step ahead of our clients so that we can guide them in an uncertain future. The cornerstone of this kind of operation is that Evli knows its clients and becomes familiar with their business and financial situation as required by the client relationship. This enables Evli to offer every client such products and services that fit their needs and goals and to ensure that clients truly understand the product or service they are buying.

Transparent products and services that promote clients' needs improve client satisfaction. Evli measures client satisfaction. monitors clients' opinions by collecting feedback from them. By measuring client satisfaction Evli wants to identify issues that clients consider relevant, develop them, and quickly react to problems. In addition to Evli's internal client satisfaction surveys, Evli takes part in annual surveys conducted by external parties concerning wealth management.



Results and priorities for 2023

- In Kantar Prospera's "External Asset Management Finland 2023" survey, Evli was ranked "the Best Institutional Asset Manager" among 11 asset management companies. Evli has been leading the Kantar Prospera survey for over 10 years, based on the overall quality assessment. Evli was also the most used institutional asset manager in Finland for seventh year in a row.¹
- In the SFR institutional client survey, Evli was awarded the "Silver Award" for excellence in asset management and mutual fund services in 2023. Based on the overall quality, Evli was ranked third in the survey. In addition, Evli clearly strengthened its market position as the leading institutional asset management house. More than 72 percent of the respondents use Evli's institutional asset management and mutual fund services.²

Customer data protection as a basis for trust

In Evli's operations, particular attention is devoted to data protection and the safeguarding of the client's privacy protection in the processing of personal data. Personal data is used for taking care of client relationships, offering products and services, direct marketing, and risk management. Evli is committed to processing personal data in accordance with the laws, appropriately and transparently. Personal data is processed in compliance with the EU's General Data Protection Regulation (GDPR) and specific legislation for the financial industry.

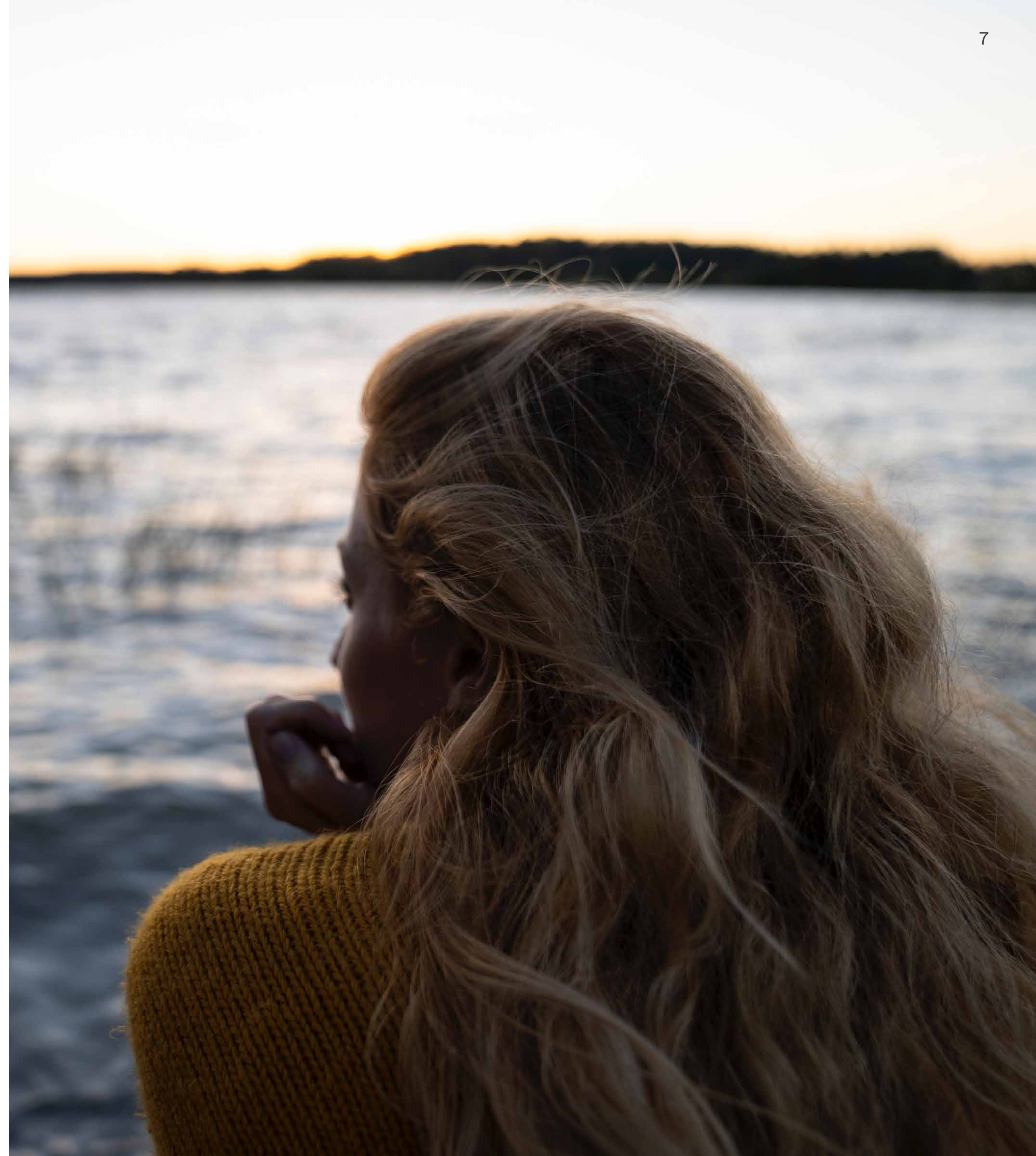
Evli Group has several person registers for managing personal data, each of which has a separate data protection notice. Data security is improved on a continual basis to ensure that it meets the requirements of the authorities, clients, and the changing operating environment.

Results and priorities for 2023

- Evli invested particularly in data protection by reviewing internal practices with an external partner.
- New employees joining Evli were trained in Evli's data protection and digital security.

¹ Kantar Prospera External Asset Management 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 Finland

² SFR Institutional Asset Management 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023



Responsible investment at Evli

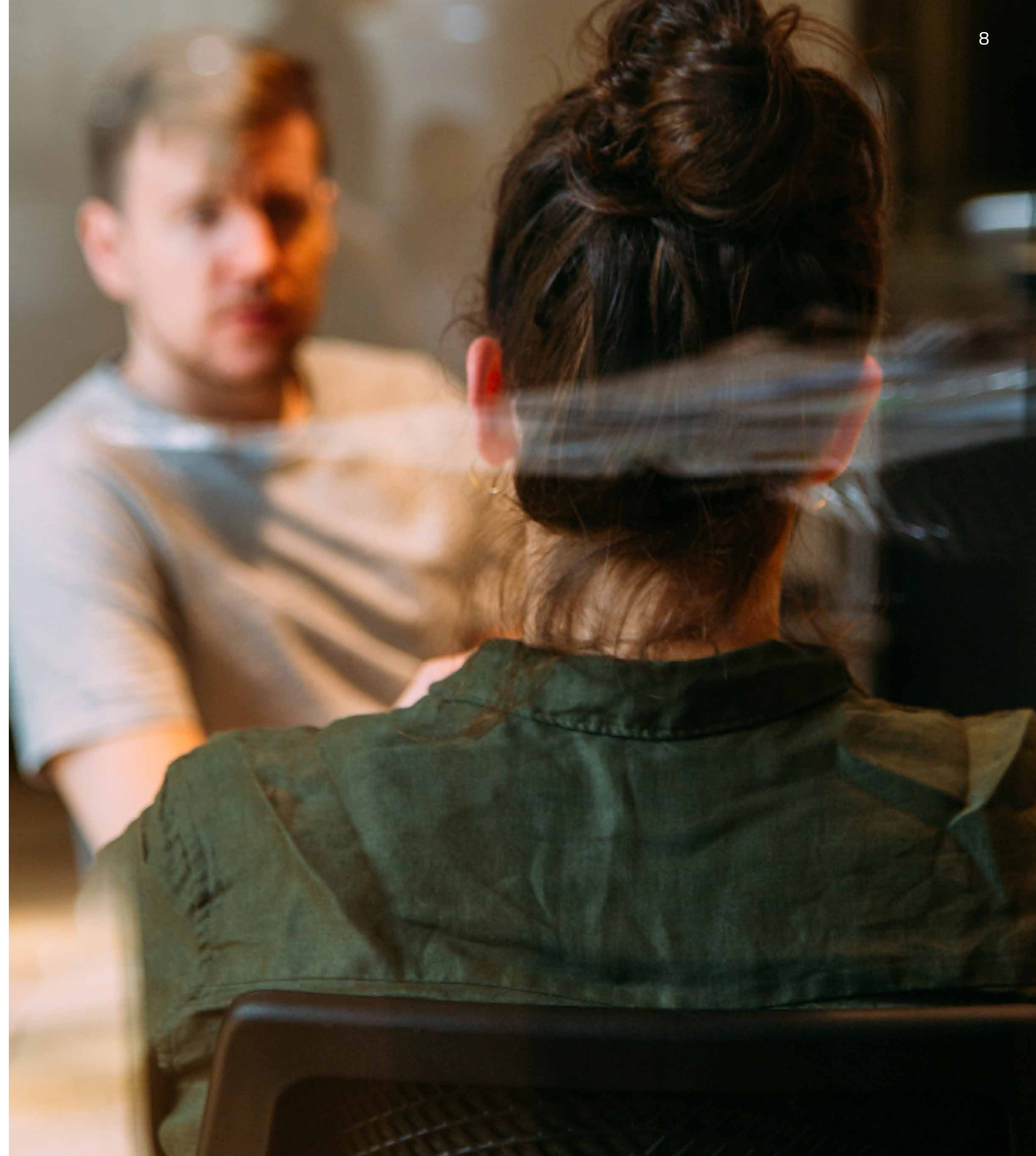
At Evli, we believe that taking responsibility issues into account in investment decisions, alongside the analysis of key financial figures, increases understanding of the investment target and the risks and opportunities associated with it.

Responsible investment is integrated into investment activities and reporting

At Evli, responsibility factors have been integrated into the investment activities of Wealth Management, which means that responsibility is systematically considered in portfolio management. In practice, for listed investments this is done through an internal ESG¹ database based on sustainability data produced by MSCI ESG Research and ISS ESG, as well as through information published by companies and attained through company meetings. The ESG database provides portfolio managers with easy access to companies' ESG data when making equity and fixed income investments. For example, portfolio managers can search for companies' responsibility assessments (the so-called ESG scores), information on the share of revenue generated by controversial activities and any ESG violations, as well as information on companies' emissions and emission reduction targets, and how companies are aligned with the Paris Climate Agreement.

The ESG database is also used for reporting purposes. Evli publishes public ESG reports on all its equity and corporate bond funds, allowing anyone to monitor the responsibility of Evli's investments. In addition to ESG and UN Global Compact analyses, the ESG reports show the development of the investment's ESG ratings as well as the investment's reputational risk, carbon footprint, and company specific ESG data for the ten largest holdings. Furthermore, Evli reports on a semi-annual basis the responsibility of its clients' equity and corporate bond investments in separate client-specific responsibility reports.

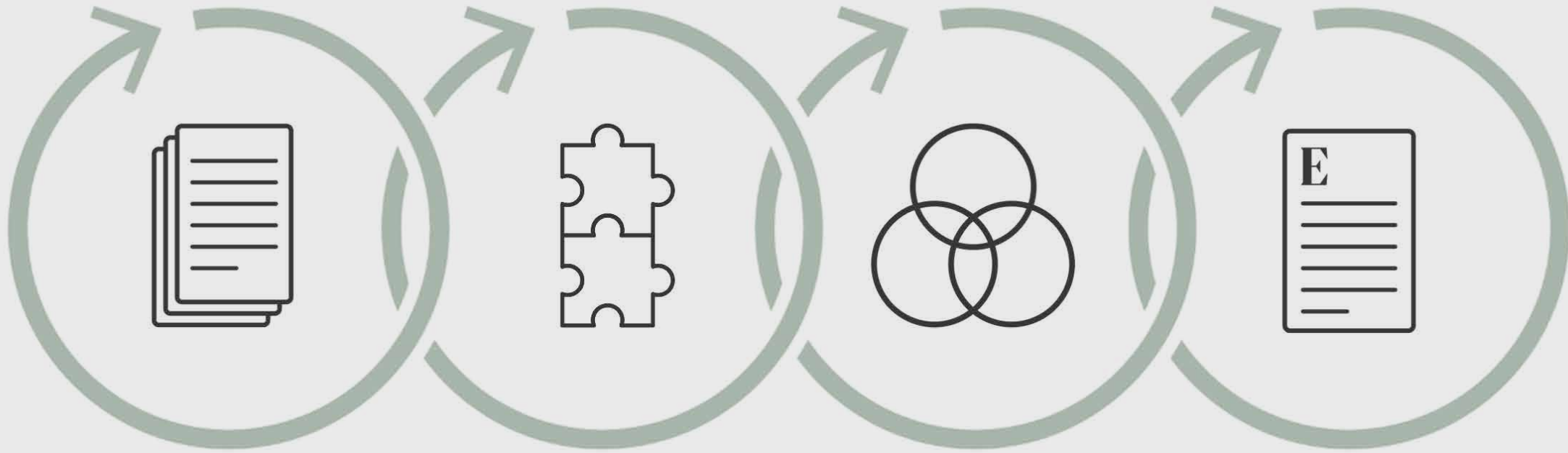
¹ ESG stands for Environmental, Social and Governance.



An investment specific ESG analysis is part of all investments, including those for alternative investment funds. In the Evli Private Equity, Evli Infrastructure and Evli Private Debt funds, each new target fund is analyzed against the same ESG criteria, and investments are only made in funds that meet the criteria. The funds are also analyzed according to the same criteria during the investment period, and the ESG analysis data is transparently available to investors. Similarly, in Evli's growth company funds, ESG analysis and value creation are a key part of the investment process. Examples of portfolio work include the creation of ESG principles and KPI metrics together with each target company.

With its real estate funds, Evli works in a socially responsible manner and demands the same from its partners. In addition, through concrete measures Evli is able to influence the energy efficiency of buildings and the construction's carbon footprint. Evli's forestry funds identify ESG risks and opportunities in their target funds as well as measure and report on the carbon impact of the funds annually. The funds invest in sustainable commercial forestry that produce renewable, environmentally friendly products for a range of end uses. Sustainable forest management is ensured through third-party forest certification schemes, such as FSC and PEFC.

Four Pillars of Responsible Investing at Evli



Principles for Responsible Investment

- Policies by asset classes
- Separate Climate Change Principles and engagement policy
- Climate Target and Biodiversity Roadmap for taking biodiversity into account
- Internal division of responsibilities and governance model

ESG –integration in investment process

- Responsibility analysis as part of the investment decision-making
- Asset class-specific responsibility expertise
- Responsible investment team as support for portfolio managers

Engagement and active ownership

- Independent discussions with companies
- Collaborative engagement and investor initiatives
- Asset class-specific engagement and active ownership

Reporting

- Comprehensive and transparent reporting at fund and client level
- Responsible Investment Annual Report overviews annually progress in responsible investing

More responsible practices through engagement

Evli analyses its actively managed equity and corporate bond funds and the direct investments made by Wealth Management every three months to identify potential non-compliance with the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and to ensure compliance with Evli's Climate Change Principles. The UN Global Compact is an international corporate responsibility standard that requires companies to respect human rights, fight corruption and take environmental issues into account. The UN Guiding Principles on Business and Human Rights informs how states and companies should implement their obligations and responsibilities. The OECD Guidelines contain recommendations for multinational enterprises made by governments. The recommendations consist of voluntary principles and standards of responsibility and the application of legislation to international business. Information on non-compliance is available from the MSCI and ISS ESG databases and other sources such as news reports.

Each case of non-compliance and violation of the Climate Change Principles triggers a pre-defined process at Evli. First, the case is discussed with the portfolio manager, after which Evli's Responsible Investment (RI) team analyses the company's situation. The RI team has two options for further action:

1. Initiate measures of engagement
2. Exclude the investment.

The cases calling for engagement that have come to light in the quarterly inspections mostly concern environmental problems, human rights, workers' rights, or actions to mitigate climate change. Evli does not disclose the names of the companies with which it engages, as it believes that engagement with the company in a confidential manner is more effective.

Evli also engages companies related to different ESG themes and participates in various collaborative engagements and initiatives with other investors with the aim of making the operations of even more companies responsible. Responsibility is also systematically raised with the companies and partners of the alternative investment funds taking into consideration asset class-specific differences and best practices.



CASE

What is an investor's role in combating climate change and biodiversity loss?

Climate change and biodiversity loss are a systemic risk, and its management is resource intensive. Investments can change the world for the better.

We know that the climate is warming and biodiversity is declining, but what are we going to do about it? According to **Mikko Spolander**, Director General of the Economics Department at the Ministry of Finance, continuing the current way of consuming the planet's resources will become impossible before long, but a radical cut in our living standards is not realistic either.

The global average temperature increase might be stopped by reducing our living standards or by developing and introducing more efficient and cleaner technologies.

"We should make such drastic reductions in our living standards over the coming decades that I don't think it's possible. Adaptation to such changes is comparable to a situation where our living standards in Finland would fall to the level of early 1950s by 2050," Spolander comments in light of his calculations.

Therefore, Spolander puts his faith in technology and in the production and consumption based on more sustainable clean energy and recycling of materials, all generated by technology. Technology and industrial restructuring require innovation and fresh solutions which, in turn, open the door to the redistribution of markets and new success stories.

The change will require significant investments by the public as well as the private sector, and at least in the beginning we have to compromise on other aspects for their sake. However, according to Spolander, Finland cannot afford to be a bystander as then we would be unable to offer solutions to global markets and our competitiveness would be undermined.

Economic value of nature must be made visible

The megatrends report of Sitra, published in early 2023, highlights the erosion of nature's carrying capacity as a key challenge of our time and emphasizes that the slower we change our ways, the worse the impacts of biodiversity loss will become.

"Biodiversity loss presents a systemic risk to the financial markets, too," reminds Outi Haanperä, project director of Sitra's Nature and the economy project.

More and more individuals, companies and public operators are aware of the risks and impacts of biodiversity loss but carry on living as before. According to Haanperä, change is only achieved by making the economic value of nature visible in decision-making. She gives forests and wood as an example.

"We recognize very well the value of wood as a raw material and know the price of logs per cubic meter and the forest industry's share in exports. But forests provide a huge number of other benefits as well."

Trees sequester carbon, cool down and control local climate, promote biodiversity, contribute to human wellbeing, and prevent erosion. These important services are not visible, however, in our current way of valuing nature.

Haanperä says that the economic value of biodiversity can be better showcased by pricing nature risks in financial markets and putting a price on burdening nature. Mechanisms included in the latter are, for example, sustainable growth tax reform and introduction of ecological compensations. In addition, Haanperä believes there is room for innovative investment products in the markets.

Change is also an opportunity

Investments are not only an interesting global question, but also a local one. Finland's export potential of climate-aligned solutions is significant: up to 85–100 billion dollars by 2035 according to Boston Consulting Group's estimate. In terms of export, climate-aligned construction, bio-based materials as well as green hydrogen and green metals, for example, are interesting industries.

Spolander sees the consulting firm's estimate as large, but he believes Finland is in a position to become a great exporter – compared to its size – of climate-aligned and green knowledge and technology. The realization of investment plans relating to green energy and industries in Finland would be significant for the economy too. Government, companies, and investors alike will play a key role in the change.

Spolander and Haanperä were guest speakers at Evli's internal ESG training days for portfolio management in November 2023.

Focus areas for responsible investing 2023

Continuous work towards climate targets

Research around biodiversity

Working to promote human rights

Continuing to deepen ESG integration in portfolio management

New responsibility themed products

Following EU sustainable finance legislation

Results and priorities for 2023

- Evli launched a new ESG report for the Evli Euro Government Bond fund. The ESG report will be published once a year, and it includes country-specific information on, for example, investments' carbon footprint as well as on the social and governance factors.
- In respect of the Sustainable Finance Disclosure Regulation (SFDR), Evli published the necessary information on its funds that are disclosed before investing, in accordance with the regulation. As part of the annual review of the funds, Evli published its periodic reports on how the sustainability characteristics of the equity and fixed income funds were met during 2022, as required by the SFDR. The corresponding periodic report was also published on alternative investment funds as well as on a portfolio-basis for asset management clients.
- Evli reported on the company-level PAI¹ indicators and adverse sustainability impacts in accordance with the regulation schedule at the end of June. Evli has also developed its monitoring and analysis process of the PAI indicators.
- In May, Evli organized an ESG seminar where investors and experts discussed the most important responsible investment themes. Incorporating biodiversity into investing took center stage in the keynote presentations and the panel discussion.
- Trainings on the SFDR reporting and responsible investing were arranged for Evli's personnel in the spring of 2023. In November, Evli organized portfolio management's ESG training days for over 50 people. The main themes of the training days were climate, biodiversity, and children's rights.
- Evli participated in general meetings of 27 companies and engaged 37 companies independently. The general meetings were attended by voting in advance or attending physical meetings. Prior to the general meetings, Evli engaged with eight companies in relation to good governance. Furthermore, Evli engaged with 19 companies in relation to climate targets and/or principles. In addition, ten engagement discussions and/or emails were also related to changing a company's operating practices, a suspected breach of norms, environmental issues, social responsibility in companies' subcontracting chains, for example, and developing companies' sustainability activities. Evli also participated in companies' materiality analyses, discussed sustainability themes with other stakeholders and actively participated in consultation discussion of the SFDR with various actors. In addition to its independent engagement, Evli was involved in collaborative engagement initiatives and/or investor letters, such as the Action 100+ initiative and the CDP investor letters.
- Related to the quarterly monitoring of norm violations, Evli excluded three companies from its investment universe. Of the exclusions, one was due to a serious environmental controversy and two due to a serious human rights violation. Evli's Responsible Investment team also dealt with two companies on suspicion of being related to nuclear weapons, and after the processing, both companies were excluded.
- Evli's Climate Targets' Working Committee continued its active work and set up smaller focus groups to focus on various climate work aspects. As part of its work towards climate targets, the principles of climate change and responsible investment were updated, especially in relation to exclusion and engagement. The update resulted in four companies being moved to the list of excluded companies. The following points of the principles were updated, for example:
 - With thermal coal and oil sands, the revenue threshold for exclusion at Evli was set at 10 percent. In accordance with the principles, it is accepted to depart from the exclusion if the company has a concrete plan to change its procedures and/or the company supports Just transition.

¹ Principal Adverse Impact, i.e. PAI indicators mean indicators that describe adverse impacts of investment decisions on sustainability factors.

- In addition to revenue restrictions, Evli does not finance new thermal coal–fired power plants, thermal coal mines or oil sands projects that are in the planning or construction stages.
- In the summer of 2023, Evli submitted a more detailed interim target to the Net Zero Asset Managers (NZAM) initiative. Evli's equity and corporate bond funds are included in the first interim target. With other asset classes, the work will be continued in accordance with Evli's road map of climate targets. Furthermore, the interim target consisted of three separate targets for investments, which are discussed in more detail on page 36.
- In July, Evli signed, together with other investors, the investor statement on the European Sustainability Reporting Standards (ESRS) of Eurosif, PRI, IIGCC, EFAMA and UNEP FI. The statement calls on the European Commission to uphold the previously set policies of the ESRS reporting to address the current data gaps of the European Union's sustainable finance rules.
- In September 2023, Evli joined the global Nature Action 100 initiative, which focuses on driving necessary corporate action to reverse nature loss.
- During 2023 Evli continued its research on biodiversity metrics regarding, for example, portfolio–specific analyses and TNFD reporting framework development. In December, Evli published Evli Wealth Management's biodiversity roadmap which sets action steps for 2023–2025 to consider biodiversity. The purpose of the roadmap is to gain a better understanding of the impact of investments on biodiversity, to promote Evli's biodiversity research and to develop biodiversity–related reporting.
- As part of its human rights work, Evli continued its joint research project it started together with UNICEF Finland to find out how investors can advance the fulfilment of children's rights. Evli was an expert in a benchmark survey conducted by UNICEF Finland of Finnish companies as well as considered ways to integrate children's rights more broadly into responsible investment practices. In addition, Evli constructed an extensive sector–specific, children's rights analysis primarily from the point of view of Finnish companies. In 2023, the sector analysis was developed for two sectors; as for other sectors, the work will continue in 2024. Evli was also interviewed about its work to promote children's rights by UNICEF's global Child–Lens Investing Framework publication.
- Evli's equity and fixed income funds were granted the ESG4Real certificate in the fall. ESG4Real is a non–profit and politically independent certificate that provides a foundation for responsible investment and analysis of ESG factors and provides independent quality assurance on how asset managers meet these requirements.
- In December, Evli's product range expanded with the Evli Impact Equity Fund that invests its assets mainly in the developed and emerging markets' equities without geographical restrictions. The fund invests in companies that, based on a sustainability and impact analysis, are engaged in economic activities that are considered to be materially sustainable and contribute to selected United Nations Sustainable Development Goals (SDGs). The fund is an Article 9 fund, so the aim of investment activities is to make sustainable investments in assets to contribute to positive, measurable social and environmental impact.
- In 2023, Evli's alternative investment funds also systematically developed responsible investment practices. Here are some examples of them:
 - In the Evli Private Equity, Evli Infrastructure and Evli Private Debt funds, responsible investment work continued with an ESG analysis of 13 new funds, and the fund managers were provided the results of the previous year's ESG survey, so that they get feedback on their performance, in relation to the peer group, in various aspects of responsible investment. In addition, in the annual ESG assessment, more detailed bilateral discussions with the low performers among the target fund managers on their development areas were held. At the end of the year, the fund team also familiarized itself with the anti–ESG movement, which started in the United States, and analyzed its possible effects on the US target funds and specified the ESG survey's questions related to climate and biodiversity.
 - In 2023, the growth company fund, Evli Growth Partners I, continued its work on climate in terms the calculation of carbon emissions and offsetting. In the Evli Growth Partners II fund, the calculation of carbon emissions and offsetting was performed for the fund's companies for the first time in 2023. For both funds, for the first time, data on the PAI indicators was collected and companies' capacity to check their business partners and key employees for sanctions was examined. In addition, two out of the three new investments of the Evli Growth Partners II fund drafted a responsibility policy. In the growth company funds, many portfolio companies also updated their ESG policies, and three companies published an extensive public report on the responsibility of their operations. For the new portfolio company, a sustainability analysis was made as part of the due diligence process, and the findings will serve as the basis for the ESG policy and the company's targets for the coming year.
 - In EAB Private Equity's target companies, responsible investment activities were continued. Depending on a company's growth and holding period, an own responsibility policy and description on the integration of responsibility into the companies' business strategy was made or will be made. In the most recent investment, an ESG assessment was carried out as part of the due diligence inspection. In one target company, tailored

ESG training was arranged for the Board of Directors and management. All target companies also received one or more ISO certifications and published a whistleblowing channel. At the end of 2023, EAB Private Equity and Evli Growth Partners arranged a workshop for their portfolio companies that covered preparation for the CSRD directive and best practices and offered the participants an opportunity for peer learning and networking.

- In 2023, in Evli's real estate fund operations, operating models were combined, and new common responsible activities were planned. In addition, it was decided to make the real estate funds' first own responsibility report, and one quarter of the funds participated in the global GRESB (Global Real Estate Sustainability Benchmark). In properties owned by funds, several sustainability activities were carried out, such as energy efficiency projects and energy audits, and energy certificates were renewed. Furthermore, real estate funds engaged in active stakeholder engagement. The annual tenant satisfaction survey examined the tenants' views on responsibility. Tenant events were organized in many properties to improve understanding of responsible practices and of reducing environmental impact. As for suppliers, responsible operating models were demanded and monitored.
- In 2023, the Evli Impact Forest Fund I developed an ESG survey and assessment of its investee funds and assets. The questionnaire sought answers to issues related to the climate and biodiversity actions of investee managers. In addition, in 2023 the new Evli Impact Forest Fund II was launched, which continues its predecessor's investment strategy and seeks to create a positive carbon impact. In both funds, the performance fee received by Evli depends on the achievement of the stated carbon dioxide removal targets.

"We want to strengthen our position as a forerunner in responsible wealth management. We are committed to providing our clients with innovative, responsible, and impactful investment opportunities."

- Evli's responsible investment performed excellently in external evaluations, too. Evli was placed first overall in sustainable investments expertise in Finland in the Kantar Prospera's "External Asset Management 2023 Finland survey". In the annual institutional investors' SFR customer survey Evli was ranked second in responsible investment expertise in Finland among large asset management companies².

You can read more about Evli's responsible investing and its development at [evli.com](https://www.evli.com). Evli also reports its climate risks according to the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework. The 2023 TCFD report can be read on pages 30–37.

¹ Kantar Prospera External Asset Management 2017, 2018, 2019, 2020, 2023 Finland

² SFR Scandinavian Financial Research Institutional Investment Services Finland 2017, 2021, 2022

CASE

Evli's new equity fund promotes a low carbon, resource efficient economy and human development

In late 2023, Evli launched a new Article 9 equity fund, Evli Impact Equity, which responds to investors' interest in investing to promote a low carbon, resource efficient economy and human development.

The Evli Impact Equity fund invests its assets both in developed and emerging markets' equities without geographical restrictions. The fund focuses on companies operating in areas such as power generation, renewables, environmental infrastructure, resource efficiency and reliability, provision of affordable and accessible education, and health care.

Aiming a positive environmental and social impact

Evli Impact Equity is specialized in impact investing. Impact investing in listed equities is about investing in companies that with their products, services, or technology or with significant turnaround of operations, contribute to transition to low carbon, resource efficient economy and human development. Impact investing also aims to generate competitive financial returns relative to broad stock market performance over the long term.

Evli Impact Equity measures contribution to positive environmental and social impact with real indicators such as renewable energy capacity added, energy savings, and life expectancy improved.

"Climate action urgency, regulatory pressure, technology advancement, and responsible consumption preferences create huge investment opportunities. According to McKinsey estimates transition to net zero emissions requires ca USD 9.2 trillion annual capital spending during 2022–2050¹. Many investors have set goals to transit to global net zero emissions in 2050," says **Olga Marjasova**, Fund Manager of the Evli Impact Equity.

"With the Evli Impact Equity fund we want to contribute to the transition to low carbon economy by investing in companies whose products, technology and at times significant operation transition make achievement of net zero emissions possible."

Impact is integral part of fund investment process

Evli Impact Equity has defined an investment process on how to implement environmental and social impact objectives with portfolio holdings. First, impact objectives are stated and company activities relevant to contribute to objectives are screened. Then, quantitative and qualitative evaluation of impact potential and investment case is done. The fund also engages with companies on impact management and measurement as well as issues regarding environmental and social sustainability and good governance. The results will be reported on an annual basis in the fund's allocation and impact report.

The Evli Impact Equity complements Evli's broad range of funds and strengthens Evli's position in sustainable investing.

¹ McKinsey, The net-zero transition, What it would cost, what it could bring, January 2022

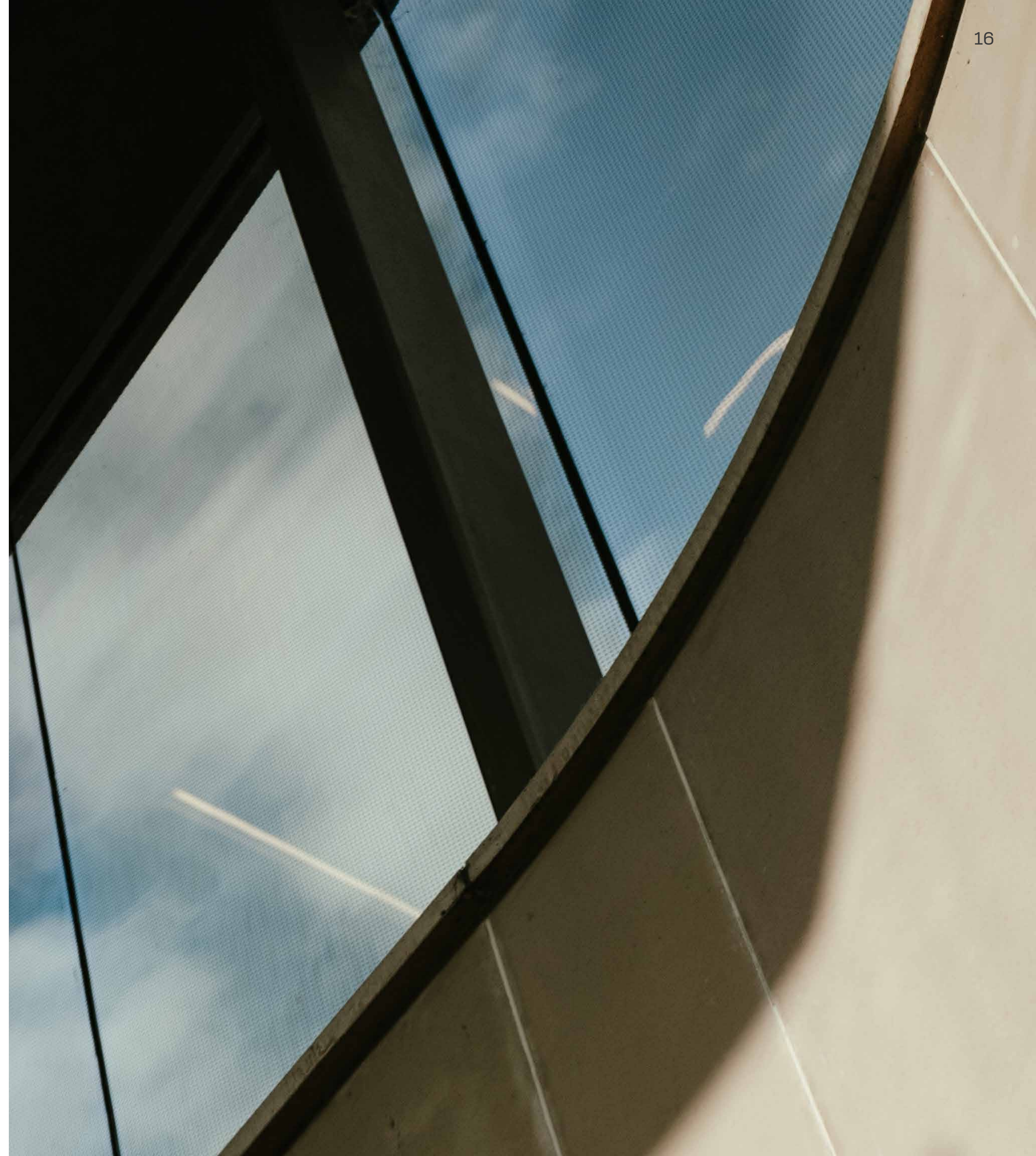
Responsible governance

Evli's operations are always based on good governance, legislation, and official regulations. In addition, integrity and ethical operations are considered the foundation of sustainable business.

Profit performance forms the core of financial responsibility

Financial responsibility is fundamental to Evli's operations. Financial responsibility means maintaining competitiveness, strong performance and good profit performance. These factors enable profitable growth and thus add value in the long-term to all Evli's key stakeholders: clients, society, personnel, and shareholders. Evli aims to improve profit performance by enhancing operating efficiency, innovating new products and service solutions, and developing its core processes. A financially solid company can shoulder its responsibility for the environment, look after its personnel, meet its clients' needs and serve society. Evli's goal is to increase the sales of its existing wealth management services, mutual funds, and alternative investment products in Finland and to increase the international sales of selected funds. The goal is also to bring new products and service solutions to the market, which will help to achieve a positive result development. In addition, Evli's aim is to enhance its operations in order to ensure the competitiveness of services and continuity of operations in the future.

Evli aims to be an interesting investment, both from the perspective of dividend income and the increase in share value. Evli avoids unnecessary risks and concentrates on moderate, long-term growth and development. With responsible operations, Evli creates long-term value for the owners and improves the ability to react to the opportunities and risks arising from economic, social, and environmental megatrends.



Results and priorities for 2023

- Evli Group's net revenue increased by 13 percent compared to the previous year and was EUR 108.7 million (1–12/2022: EUR 96.1 million). The rise was driven by the acquisition of EAB Group Plc, successful new sales, and positively developed financial markets.
- During January–December, net subscriptions of EUR 0.5 billion were made to Evli's traditional mutual funds (EUR –1.2 billion).
- The sales and product development of the alternative investment products performed well considering the market situation: in total, subscriptions and investment commitments to alternative investment products were made to the value of approximately EUR 225 million during 2023 (nearly EUR 500 million).
- Evli's international sales faced unexpected headwinds in the early part of the year, but towards the year–end there were signs of recovery. At the end of December, EUR 2.4 billion of Evli's fund capital came from customers outside Finland (EUR 2.2 billion).
- In 2023, Evli updated its strategy and identified measures to help us grow substantially to become one of the leading wealth management firms in the Nordics.

Taxes are paid in accordance with local legislation in each country of operation

Evli's head office is located in Finland. The company also has branch offices and subsidiaries in Sweden and the United Arab Emirates. In each country, Evli pays its taxes in accordance with the local legislation. Evli is committed to ensuring that it complies with all statutory obligations, and it discloses all required information to the relevant tax authorities and engages in an open discussion with them. Evli considers compliance with tax legislation as an important part of its corporate responsibility.

Results and priorities for 2023

- Evli paid a total of EUR 8.2 million in taxes (2022: EUR 5.8 million).

Corruption, bribes, and money laundering not acceptable

Evli does not accept corruption, bribery, or any other illegal activity under any circumstances. Evli's ethical principles guide its personnel in this matter. For example, employees will not offer, demand, or accept inappropriate gifts, trips, or payments. Moreover, there is an internal guideline on hosting in the company's name and giving business gifts.

Evli plays an important role in preventing money laundering and the funding of terrorism. For this purpose, Evli has clear operating instructions that apply to the entire personnel. In addition to statutory obligations, preventing money laundering is part of Evli's risk management and an important part of its business operations. Knowing the client is an integral part of the prevention of money laundering. Therefore, before a new client relationship is formed, the client's information is always analyzed as required by guidelines based on the law. All personnel who have direct contact with clients must take part in annual training events on money laundering and knowing the customer. Evli has also adopted an active role in developing the regulation and good operating practices in the industry.

Evli provides an opportunity to report violations through the whistleblowing procedure. If an employee suspects that unethical activities have occurred or that someone has engaged in activities that violate the law, regulations, the authorities' instructions, or Evli's internal guidelines, a separate procedure is available with dedicated guidelines that the employee can follow to report the matter.

Results and priorities for 2023

- No cases of corruption, bribery or money laundering were reported in Evli's operations.
- Training events were mainly regarding prevention of money laundering and funding of terrorism.

Environmental impacts of Evli's own operations

Evli's own operations do not have any significant immediate environmental impacts. The company's principal environmental impacts are related to its investment activities. However, Evli is aware that it can promote positive environmental impacts through its own operations by reducing the energy consumption and CO2 emissions of its offices and paying attention to the environmental impacts of waste and consumption of paper. Unnecessary travel is avoided by favoring telephone and video conferences. Employees continuously strive to reduce their ecological footprint in their everyday work.

Evli has set a target to be net zero in terms of emissions from its own operations (Scope 1 and 2) by 2025 at the latest.

Evli's head office in Helsinki has been awarded the LEED¹ Gold certification, one of the world's best-known green building certificates.

It is also important for Evli to increase environmental awareness among its clients and employees and offer products and services that help to mitigate harmful environmental impacts. With the continuous development of digital transaction channels and utilizing the opportunities given by technology, Evli offers new forms of services that have a smaller environmental impact than before.

Results and priorities for 2023

- Evli continued the development of its digital channels (website evli.com and the My Evli online service) in order to, among others, reduce the amount of paper reporting.
- Evli's energy consumption was five percent higher than in the comparison period. The increase was mainly due to expanded office space.

¹ LEED=Leadership in Energy and Environmental Design



Responsible employer

As an employer, Evli is committed to creating responsible and high-quality work-life experiences for its employees and job applicants. Responsibility and responsible working practices are based on Evli's values: entrepreneurship, valuable relationships, learning, and integrity. Fairness, which encompasses equality, non-discrimination, and diversity, is an integral part of Evli's responsibility.

Evli's success is based on the professional skills of its employees and their ability to create new solutions, added value for the benefit of the clients and to serve them professionally. Evli believes that employee commitment and thriving at work is reinforced by creating a flexible, efficient, and balanced work community, which is characterized by innovativeness and the capability to develop and bring about change.

To ensure that the best experts in the business will serve clients also in the future, Evli pays particular attention to employee development and motivation. In addition to competitive pay, personnel benefits include expert level occupational healthcare services and varied opportunities for developing skills.

Most of the personnel work in Finland

At the end of 2023, the Evli Group had 354 employees, up by 2.9 percent on the previous year. Of the total personnel, 94 percent worked in Finland, approximately five percent in Sweden and nearly one percent in the United Arab Emirates.

The total number of new hires in 2023 was 29. The number of new employees does not include summer workers and trainees. The average personnel turnover was 6.8 percent.



PERSONNEL DATA	2023	2022	2021 ^e	2020 ^e
Personnel	354	344	290	261
Permanent	316	294	251	233
Temporary ¹	38	50	39	24
On study or parental leave	5	11	7	4
Full time ²	327	312	244	240
Part time ³	27	32	39	21
Women/men (%)	38/62	38/62	38/62	39/61
Average age	41	40	40	41
Average period of service (years)	8.33	7.97	9.3	10.5
Average personnel turnover (%) ⁴	6.8	8.3	10.0	8.0
New hires ⁵	29	29	32	20
Sickness absences, days/person	3.0	2.2	1.8	1.2
Occupational accidents at work	4	1	0	0
Training days/person	3.0	1.0	1.3	1.0
Personnel covered by performance reviews (%)	100	100	100	100

¹Includes both trainees and summer workers.

²Includes both permanent and temporary employees with full-time contracts.

³Includes both permanent and temporary employees with part-time contracts.

⁴Personnel turnover was calculated using the following formula: ((Number of new persons employed Jan 1–Dec 31 + number of employees leaving Jan 1–Dec 31)/2)/number of employees on Dec 31.

⁵Includes conversion of fixed-term contracts into permanent contracts during the year.

^eThe figures for 2020–2021 are those of Evli Pankki Plc. Evli Plc was created by a partial demerger from Evli Bank Plc on April 2, 2022.

The figures in the table represent the situation on the last day of the year in question (31 December) and relate to persons employed by Evli. In addition, at the end of 2023, Evli employed 7 people under consulting or similar contracts to complement its own staff.

Diversity and equal opportunities

Evli Group's diversity is based on its values, ethical principles, and Human Resources Policy. Evli commits to creating a workplace that is non-discriminatory, open, and positive and in which all employees are treated equally, irrespective of gender, age, ethnic or national background, nationality, language, or faith. Diversity is taken into account in all personnel management from hiring to career advancement and development. All employees have equal opportunities to advance in their career.

Efficient diversity management and promotion of equality help improve work well-being, increase employee commitment, and fulfil the employees' competence potential. In addition, diversity increases innovation, productivity, and the company's competitiveness.

The diversity goals provide the guidelines for Evli's diversity and equality work and set a target level for Evli to achieve in promoting diversity across the organization. The diversity goals also define the guidelines for increasing gender equality and, where possible, promoting the employment of people from different language and ethnic groups in Finland. The diversity goals apply to all Evli's functions, and progress on achieving these goals is monitored annually.

One of the key elements of attaining the diversity goals is the recruitment process. All recruitment is based on fairness, transparency, and equity. The aim is to ensure that all qualified applicants have an equal chance of being selected. In addition to recruitment, equal treatment is ensured to all in the division of work tasks and career advancement.

Diversity strengthens Evli's goal of having a Board whose overall competence profile supports the development of Evli's business. Diversity is seen as a key success factor that enables Evli to reach its strategic goals and continuously improve its client-centric operations. The Board has a Diversity Policy, which includes the principles of diversity.

The diversity of the Board is viewed from different perspectives. For Evli, the essential factors are the Board members' versatile and complementary expertise, experience from various industries and management, and the personal qualities of the members. The age and gender distribution of the Board members are taken into account, which supports the diversity of the Board. The actualization and development of diversity towards the goals is evaluated in the annual self-evaluation discussion of the Board. Additional information about diversity of the Board of Directors is found in Evli's Annual Report 2023 on page 141.

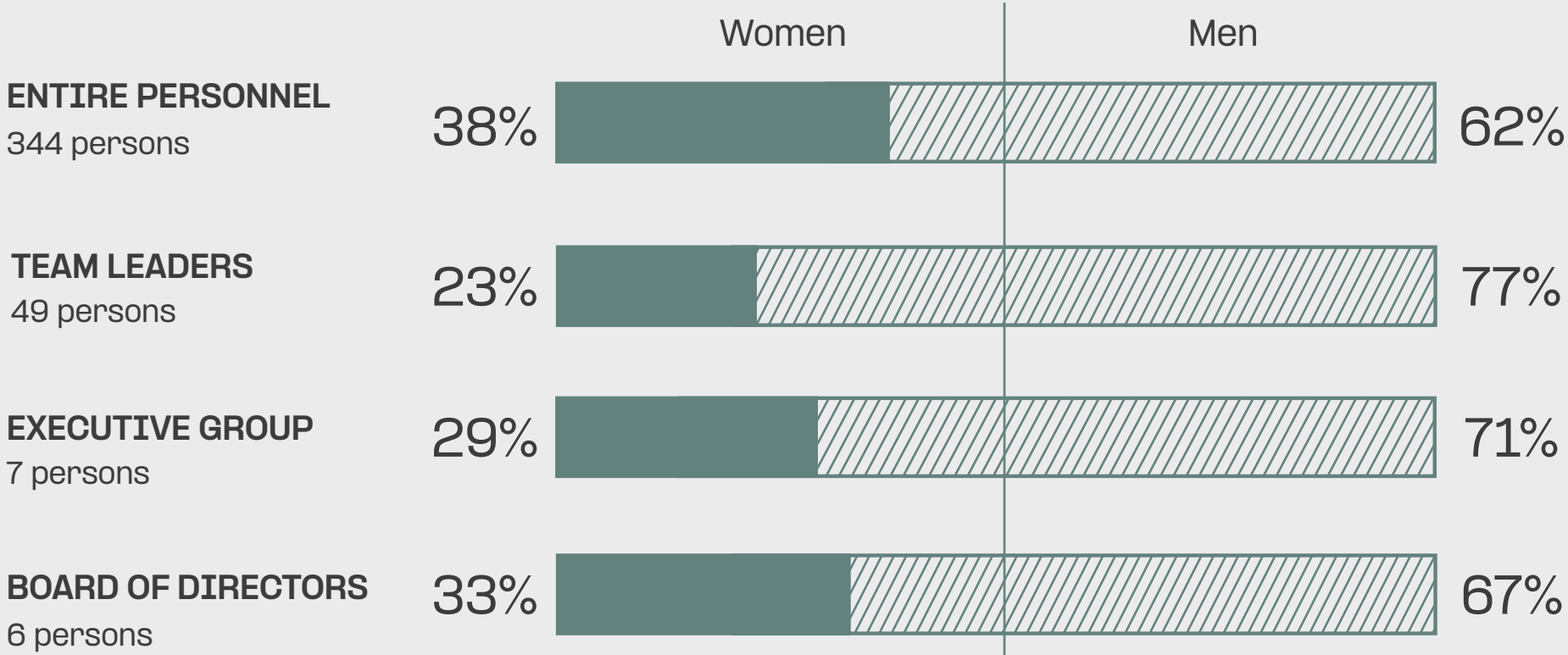
Results and priorities for 2023

- Evli's recruitment process was improved, and recruitment was further enhanced with a focus on diversity, for example by cooperating with various stakeholders to make the investment industry more attractive to women.
- In 2023, the trainees selected for the trainee program were of different genders. In all recruitment, the most suitable person, regardless of gender, was always selected.
- Progress was made on improving the representation of the under-represented gender on the Board, and currently two of the six members of the Board are women.
- In the autumn 2023, a second female member was appointed to Evli Group's six-member Executive Group.

EVLI'S DIVERSITY GOALS

- The long-term goal is gender balance in the organization.
- The minimum amount of under-represented gender in the Board shall be 40% by June 2026.
- The recruitment process will be further developed, and greater attention will be paid to diversity in recruitment, for example by working more closely with stakeholders, including students, to make the investment industry more attractive to women.
- In recruitment, the most suitable person for the position is always selected.
- We ensure that there are always candidates of different genders when filling leadership positions.
- Both genders must be represented in the group of people selected for the trainee program.

EVLI'S DIVERSITY 2023



Employee well-being is taken care of

Motivated and committed employees whose well-being are at a high level are vital to Evli's operations, development, and profitability. Evli's goal is to develop and promote the comprehensive well-being of the employees and invest in preventive well-being measures. Evli also aims to provide its personnel with a good and safe working environment that promotes well-being and job satisfaction for all.

One of the key conditions for both mental and physical well-being is work-life balance. This is supported at Evli through a flexible working culture, which includes, among others, the possibility of flexible working hours, remote working, and a shortened workweek. In addition, Evli uses a so-called age management model that takes into account and supports employees at different stages of their careers and lives.

Evli's employees have access to expert level occupational healthcare including, among others, access to specialist-level doctors, physiotherapy, endoscopies, ultrasound scans, X-rays, MRIs, and personal vaccinations. Employees also have the possibility to use sport, culture, and transport benefits, as well as an employee benefit bike.

Evli's age management model and the work capacity support model take into account physical, mental and social work capacity. The age management model aims, among other things, to share skills and knowledge and to keep work meaningful and motivating. Mental and physical well-being is also supported by providing employees with the opportunity to participate in various sports and recreational activities.

Job satisfaction and well-being at work are measured by means of an employee survey and regular in-house surveys. Based on the results, well-being at work and working practices are continuously developed.

Results and priorities for 2023

- Evli employees worked on a hybrid model combining remote and office work.
- Employees responded daily to a 'mood survey', which measured their daily wellbeing and their opinion on a topic changing each month. The survey and its results and feedback were used to support managers in the strategic development of leadership and well-being at work.
- Employees responded to a wider personnel survey conducted around every 18 months, the results of which are used at the organization-wide level.
- A well-being day was offered to employees, during which they had the opportunity to participate in various activities. In addition, employees had the opportunity to participate in golf training and competition and a downhill skiing weekend.

Continuous personnel development enables to increase competitiveness

Professional employees support the execution of the company's strategy and targets. Evli constantly develops its employees' professional expertise, as this enables it to keep up with the changes in the environment and offer clients innovative solutions that meet the market demand.

Training and skills development aim to increase staff motivation and job satisfaction. Evli's internal training program, Evli Academy, organizes events run by both internal and external trainers to develop the employees' skills and to improve occupational health and well-being at work.

In addition to training opportunities, Evli encourages learning on the job and job rotation. Job rotation is encouraged by, for example, publishing all open positions on Evli's Intranet.

Staff development and performance are supported by good leadership. Management's task is to support and encourage employees to succeed and to continuously develop their skills and common practices. To ensure that our team leaders are highly skilled, regular training and meetings are organized to promote their personal development. The leadership work is evaluated regularly based on external surveys.

Results and priorities for 2023

- The number of training days per person was around three. Training days mainly include internally organized training.
- During the year, Evli organized around 50 different types of internal training and information sessions.
- A total of 12 persons transferred to new job tasks as part of job rotation.
- Coaching was offered to management and employees on the theme of creating quality communication and encounters. In addition, regular team leader briefings were held throughout the year.
- Evli also used a reverse mentoring program, where both parties can gain new ideas and insights into the work by sharing new or more in-depth knowledge and so-called 'silent knowledge'.

Job stability and competitive pay

Competition for the best talent is very severe in the financial sector. Finding the right people and keeping them is vital for a company that offers expert services. Evli believes that by providing its employees good learning and development opportunities, and by investing in their well-being and work-life balance, it can attract new employees and commit them to the company.

Evli strives to offer competitive salaries to ensure the retention of talented people and their interest in Evli as an employer. The Evli Group's remuneration model is in place to promote the implementation of the company's strategy, competitiveness, and long-term financial success. It also aims to contribute to the positive development of shareholder value and to engage employees in a long-term commitment to the company's objectives.

Evli's recruitment activities emphasize finding people with the right qualities for the industry and who match Evli's corporate culture and are prepared to develop themselves to become future top experts at Evli. The primary way to attract recent graduates or students close to graduation to work at Evli is through the company's Trainee program. The goal of the program is to find motivated young talents that can become future top experts at Evli and bring innovations and ideas to the company.

In addition to the Trainee program, Evli works closely with schools and subject organizations, and visits schools to introduce students to the investment industry and Evli as a company. The purpose is to further increase awareness of Evli among students.

Results and priorities for 2023

- Systematic work continued to improve employer branding and awareness of Evli. To strengthen the employer image, for example, a more systematic use of social media channels and the improvement of Evli's own website continued as well as the cooperation with schools and subject organizations.
- The Trainee program was carried out around the year. During the year around 1,000 persons applied for the Trainee program and from these nine persons were hired to Evli as trainees.
- Evli continued its cooperation with the Women's Career Society to raise awareness of the financial sector among female students.

Reporting practice

Scope and structure of the report

As part of Evli's corporate responsibility report, the GRI report conducted complies with the Global Reporting Initiative (GRI) where applicable. The report also includes information related to Evli's own significant sustainability topics in accordance with the GRI standards' reporting principles. The GRI content index (pages 25–29) lists the GRI indicators used and provides information on where to find additional details related to them. The corporate responsibility report, which includes the GRI report, complements Evli's financial reporting and addresses the entire group's operations unless stated otherwise. The GRI report contains key information and metrics identified based on a materiality analysis of stakeholders and business relevance.

The report is divided into three parts: responsible products and services, responsible governance, and responsible employer. Under each section, the most relevant sustainability aspects related to the topic are examined. Evli's significant topics and focus areas for sustainability are presented in more detail on page 3.



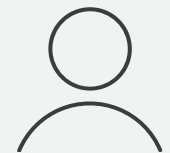
Evli conducted its first GRI-compliant sustainability report in 2018. The scope and calculation boundaries of the 2023 report have remained the same, and its content and structure are consistent with the reports of the years 2022, 2021, 2020, and 2019.

The corporate responsibility report pertains to the fiscal year January 1 to December 31, 2023. The report was published on February 16, 2024. Evli's 2022 annual report, which also included the corporate responsibility report, was released on February 17, 2023.

Evli's annual report is published annually on a calendar year basis. The annual report includes a business review, corporate responsibility report, financial review, and financial statements, a description of the corporate governance and control systems, and the remuneration policy and report.

Further information about the corporate responsibility report can be obtained from Evli's responsible investment team and the marketing, communications, and investor relations team. Contact details for the teams are available at [evli.com](https://www.evli.com).

Material topics and their calculation threshold

RESPONSIBILITY THEMES	RELEVANT RESPONSIBILITY SUBJECTS	SIGNIFICANCE TO BUSINESS OPERATIONS AND STAKEHOLDERS	CALCULATION PARAMETERS
 Responsible products and services	Responsible marketing	Development area	Own operations
	Customer privacy protection and data security	Base	Own operations
	Responsible investing	Focus area	Own operations – Responsibility of wealth management investments
 Responsible governance	Profit performance	Focus area	Own operations
	Taxes and tax footprint	Base	Own operations
	Corruption, bribes and money laundering	Base	Own operations
	Direct environmental impacts	Development area	Own operations (Helsinki office)
 Responsible employer	Fairness: equality, non-discrimination and diversity	Focus area	Own operations
	Work well-being and health	Development area	Own operations (Helsinki office)
	Education and development	Development area	Own operations (Helsinki office)
	Attractive employer	Focus area	Own operations

The management approach and its components

All business areas and functions at Evli are part of ensuring that responsibility is integrated into everyday work. Every employee is responsible for observing it in practice. Evli's Responsible Investments team supports the business areas in matters concerning responsibility and especially the coordination of responsible investment.

Evli believes that through responsible investment activities the company can have the most impact on responsibility. This is why Evli has invested most in the development of responsible investment in recent years. Evli's Responsible Investment team carries out the responsible investment work under the Head of Sustainability.

Compliance with the principles of responsible investment at Evli is supervised by the Responsible Investment Executive Group. In addition to the CEO, the Responsible Investment Executive Group includes managers from the business areas, Portfolio Management, Responsible Investment team, and Legal and Compliance. The Responsible Investment Executive Group decides on Evli's Principles for Responsible Investment and related practices and reports to Evli's Executive Group and through the Executive Group to Evli's Board of Directors.

GRI–index

GRI STANDARD	REPORTING REQUIREMENTS	REPORTING REFERENCE	ADDITIONAL INFORMATION
GENERAL DISCLOSURES			
GRI 2: General Disclosures			
2–1	Organizational details	Evli's Annual Report 2023 p. 5, 76, 114	
2–2	Entities included in the organization's sustainability report	Evli's Annual Report 2023 p. 39, 48–49	
2–3	Reporting period, frequency and contact point	Evli's Annual Report 2023 p. 39	The report was published on February 16 2024 and refers to the period 1.1.–31.12.2023, unless otherwise stated. The Evli Group publishes the Sustainability Report annually.
2–4	Restatements of information		No material changes have been made to previously reported data. Only small adjustments to the reported data in the GRI–Index reporting table.
2–5	External assurance		The responsibility report, which includes a GRI report, is not externally audited.
2–6	Activities, value chain, and other business relationships	Evli's Annual Report 2023 p. 4–5, 10–15	A list of the Group's subsidiaries and investments in associates is included in the financial statements section of the Annual Report. Legal entities and countries of operation are also listed in the financial statements.
2–7	Employees	Evli's Annual Report 2023 p. 35–36	
2–8	Workers who are not employees	Evli's Annual Report 2023 p. 36	
2–9	Governance structure and composition	Evli's Annual Report 2023 p. 47, 139–143	
2–10	Nomination and selection of the highest governance body	Evli's Annual Report 2023 p. 140–141	
2–11	Chair of the highest governance body	Evli's Annual Report 2023 p. 141	
2–12	Role of the highest governance body in overseeing the management of impacts	Evli's Annual Report 2023 p. 40, 47	
2–13	Delegation of responsibility for managing impacts	Evli's Annual Report 2023 p. 40, 47	
2–14	Role of the highest governance body in sustainability reporting	Evli's Annual Report 2023 p. 47	The report is part of the Annual Report, which has been approved by the Board of Directors.
2–15	Conflicts of interest		Evli Group Ethical Principles: www.evli.com Evli Group Manager's transactions: www.evli.com
2–16	Communication of critical concerns		Whistleblowing: www.evli.com The Board is informed of all whistleblowing cases.
2–17	Collective knowledge of the highest governance body		The Board of Directors of Evli has extensive expertise in different business areas, including responsible business management.
2–18	Evaluation of the performance of the highest governance body	Evli's Annual Report 2023 p. 140–141	
2–19	Remuneration policies	Evli's Annual Report 2023 p. 147–149	
2–20	Process to determine remuneration	Evli's Annual Report 2023 p. 147–149	
2–21	Annual total compensation ratio	Evli's Annual Report 2023 p. 151	
2–22	Statement on sustainable development strategy	Evli's Annual Report 2023 p. 6–7, 18	

GRI STANDARD	REPORTING REQUIREMENTS	REPORTING REFERENCE	ADDITIONAL INFORMATION
GENERAL DISCLOSURES			
GRI 2: General Disclosures			
2–23	Policy commitments		Investment commitments are defined in the Principles for Responsible Investment. For own activities, this will be clarified in the coming years. The key principles guiding the Evli Group's responsible investment policy are described at www.evli.com
2–24	Embedding policy commitments		Investment commitments are defined in the Principles for Responsible Investment. For own activities, this will be clarified in the coming years. The key principles guiding the Evli Group's responsible investment policy are described at www.evli.com
2–25	Processes to remediate negative impacts		Investment commitments are defined in the Principles for Responsible Investment. For own activities, this will be clarified in the coming years. The key principles guiding the Evli Group's responsible investment policy are described at www.evli.com
2–26	Mechanisms for seeking advice and raising concerns		Evli Group Ethical Principles: www.evli.com
2–27	Compliance with laws and regulations	Evli's Annual Report 2023 p. 21–23, 33	There have been no non-compliance cases in 2023.
2–28	Membership associations	Evli's Annual Report 2023 p. 28–30	
2–29	Approach to stakeholder engagement	Evli's Annual Report 2023 p. 19–20	
2–30	Collective bargaining agreements		Evli complies with the collective agreements of the Financial Sector valid at the time. Employees with managerial contracts are not covered by the collective agreement.

GRI STANDARD	REPORTING REQUIREMENTS	REPORTING REFERENCE	ADDITIONAL INFORMATION
MATERIAL TOPICS			
GRI 3: Material topics			
3-1	Process to determine material topics	Evli's Annual Report 2023 p. 19	
3-2	List of material topics	Evli's Annual Report 2023 p. 19, 39	
3-3	Management of material topics	Evli's Annual Report 2023 p. 19, 39	
Economic impacts			
Economic Performance			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
201-1	Direct economic value generated and distributed	Evli's Annual Report 2023 p. 10, 24-30	
201-2	Financial implications and other risks and opportunities due to climate change	Evli's Annual Report 2023 p. 46-53	
Anti-corruption			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
205-2	Communication and training about anti-corruption policies and procedures	Evli's Annual Report 2023 p. 33	
205-3	Confirmed incidents of corruption and actions taken		No incidents in 2023.
Anti-Competitive behaviour			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No legal actions in 2023.
Tax			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
207-1	Approach to tax	Evli's Annual Report 2023 p. 33	
Emissions			
Energy			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
302-1	Energy consumption within the organisation	Evli's Annual Report 2023 p. 34	
302-4	Reduction of energy consumption	Evli's Annual Report 2023 p. 34	

GRI STANDARD	REPORTING REQUIREMENTS	REPORTING REFERENCE	ADDITIONAL INFORMATION
MATERIAL TOPICS			
Social impacts			
Employment			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
401-1	New employee hires and employee turnover	Evli's Annual Report 2023 p. 35-36	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		All employee benefits are offered throughout the personnel, regardless of employment.
401-3	Parental leaves	Evli's Annual Report 2023 p. 37	Employees are provided with an opportunity of shortened working hours and depending on work tasks, the possibility of flexible working hours.
Occupational health and safety			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
403-1	Occupational health and safety management system		Evli Group maintains occupational safety operations covering the entire personnel and carries out workplace audits and monitoring which, in compliance with the Occupational Safety and Health Act, include both risk assessments and basic surveys required by the Occupational Health Care Act.
403-3	Occupational health services	Evli's Annual Report 2023 p. 37	
403-6	Promotion of worker health	Evli's Annual Report 2023 p. 37	
403-9	Work-related injuries	Evli's Annual Report 2023 p. 36	
Training and Education			
404-1	Average hours of training per year per employee	Evli's Annual Report 2023 p. 36	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Evli's Annual Report 2023 p. 37-38	
404-3	Percentage of employees receiving regular performance and career development reviews		Evli's development discussion process covers all permanent employees who are not absent due to, for example, parental leave or study leave. Developmental discussion needs for temporary employees are assessed case-by-case
Diversity and Equal Opportunity			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
405-1	Diversity of governance bodies and employees	Evli's Annual Report 2023 p. 36, 143	

GRI STANDARD	REPORTING REQUIREMENTS	REPORTING REFERENCE	ADDITIONAL INFORMATION
MATERIAL TOPICS			
Social impacts			
Marketing and labelling			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
417-3	Incidents of non-compliance concerning marketing communications		No incidents in 2023.
Customer Privacy			
3-3	Process to determine material topics	Evli's Annual Report 2023 p. 19	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Evli's Annual Report 2023 p. 22-23	No incidents in 2023.

Annex

Task Force on Climate–related Financial Disclosures report

Evli has committed to supporting the Task Force on Climate–related Financial Disclosures (TCFD) reporting framework and published its first TCFD report in 2020 based on the situation in 2019. This annex provides information, based on TCFD's recommendations, on Evli's climate risks and opportunities and compiles information on Evli's climate work progress in 2023.

Introduction

In August 2019, Evli became a public supporter of the TCFD with the goal of developing Evli's own climate risk reporting. The TCFD is an international climate risk reporting framework designed to improve reporting on the economic impact of climate change by making it clearer, more comparable and more consistent.

It is important for asset managers and other investors to be able to identify and assess the economic impact of climate change on both their own operations and those of investment companies, as the transition to a low-carbon economy is changing the business environment. Furthermore, companies are also exposed to the physical effects of climate change. On the other hand, climate change also creates opportunities for companies that offer products or services that contribute to climate change adaptation and mitigation.

Reports based on TCFD's recommendations provide stakeholders information on a company's:

1. **governance** of climate–related risks and opportunities (role of the Board of Directors and the management);
2. **strategy** related to the actual and potential impact of climate–related risks and opportunities on the company's business, strategy and financial planning;
3. **risk management** related to the company's processes for identifying, assessing and managing climate risks;
4. **metrics and targets** for assessing and managing climate–related risks and opportunities.

REPORTING FRAMEWORK OF THE TCFD REPORT



Governance

As part of the broader debate on responsibility, Evli's Board and Executive Group regularly address climate-related issues. Evli's Head of Sustainability attends Board and Executive Group meetings from time to time. In addition to the work of the Board and Executive Group, Evli has a Responsible Investment Executive Group, which decides on the principles and practical procedures of responsible investment at Evli. In addition to the CEO, the Responsible Investment Executive Group includes managers from the business areas, Portfolio Management, Responsible Investment team, and Legal and Compliance.

The Responsible Investment team, under the supervision of the Head of Sustainability, is responsible for coordinating and developing ESG issues in the funds and discretionary portfolio management, as well as for engaging with companies. The Responsible Investment team monitors the implementation of the UN Global Compact principles, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Evli Principles for Climate Change. The team has the right to exclude individual companies from investments. When analysing potential investments and making investment decisions, Evli's portfolio managers also take ESG matters into account, including climate issues. Portfolio managers are responsible for implementing the Principles for Responsible Investment and ESG integration in portfolio management. Portfolio management and other specialists working on responsible investment are systematically offered training in climate change, risks and opportunities caused by it and its potential impacts on investments. In 2023, for example, Evli organised portfolio management's ESG training days, with one of the main topics being climate change.

The investment activities of Wealth Management are guided by the Evli Principles for Responsible Investment, which define responsible investment practices. In addition, Wealth Management is governed by the Evli Principles for Climate Change, which describe Evli's approach to taking climate change and its related impacts on its investments into account. Evli published separate climate targets in 2021, according to which, Evli aims to achieve carbon neutrality by 2050 at the latest. The target applies to emissions from both Evli's own operations and investments. The climate targets also include separate milestones. For climate targets, a roadmap has been defined and a working committee has been set up to further clarify how to best achieve the investment-related milestone through real-world emission reductions and in line with the Paris Agreement.

THE RESPONSIBLE INVESTMENTS GOVERNANCE MODEL

Responsible Investment Executive Group

- Decides on the principles and practical procedures of responsible investing
- Members: CEO and managers from the business areas, Portfolio Management, Responsible Investment team, and Legal and Compliance
- Regular meetings approximately on a quarterly basis
- Reports to Evli's Executive Group

Responsible investment team

- Makes proposals to the Responsible Investment Executive Group on responsible investment principles and practices, and supports the work of portfolio managers and client representatives
- Monitors norm violations and Evli's Principles for Climate Change, and has the right to exclude individual companies from investments
- Is responsible for engaging with companies
- Reports to the Responsible Investment Executive Group

Portfolio managers

- Take ESG matters into consideration when analysing potential investments and making investment decisions
- Are responsible for implementing the Principles for Responsible Investment and ESG integration
- Report to the Responsible Investment team on companies that violate the Principles for Responsible Investment

Strategy

At Evli, responsibility has been an integral part of portfolio management for many years, as the company believes that taking responsibility into account will create long-term added value. In January 2020, Evli made responsibility one of its strategic focus areas for the coming years, and in June 2021, Evli set its climate targets and the included milestones in line with its strategic objectives. Climate change mitigation has always been an important issue for Evli, and the company wants to contribute to creating products that address climate change challenges.

As an asset manager, the most significant climate risks and opportunities for Evli are related to its investment activities, as Evli's own operations do not cause significant direct environmental impacts. In its own operations, Evli has committed to reducing energy consumption and carbon dioxide emissions from its premises and to avoiding unnecessary travel. One of Evli's three milestones of climate targets concerns emissions from its own operations (Scope 1 and 2). However, Evli's strategy focuses on the integration of climate-related risks and opportunities and their impacts into Evli's products and investment strategies, which has also been reflected in the climate targets.

Most of Evli's emissions come indirectly through investments. The second milestone of the climate targets is to reduce indirect emissions from investments by 50 percent by 2030, provided that the investment environment allows this. In the longer term, Evli aims to be a carbon neutral asset manager by 2050 at the latest. To reinforce this commitment, Evli joined the Net Zero Asset Managers (NZAM) initiative in the summer of 2022. As the initiative signatory, Evli must confirm its interim target, in accordance with the initiative, within a year of making the commitment. In the summer of 2023, Evli submitted its interim target to the NZAM initiative, which was based on a report made by Evli's Climate Working Committee. The interim target is in line with the best practices defined by the initiative, and it was approved by the member organisations of the NZAM initiative in summer 2023. Evli's interim target in line with the NZAM initiative is described in more detail in the section "Metrics and targets" on page 36.

The TCFD divides climate change risks into risks from the transition to a low-carbon economy and physical risks from climate change. Transition risks are the financial risks arising from the transition to a low-carbon economy.

These include risks arising from changes in policy, regulation, technology and markets, which, if they materialise, could affect the market value and returns on investments. As clients' climate strategies evolve, Evli must be able to ensure that its products and services meet their changing needs. Investing in companies that are perceived to contribute to climate change also increases the reputational risk associated with investment activities.

Physical risks, on the other hand, are the economic risks arising from climate change, which can be the result of single events or long-term changes in the climate. In Evli's investment activities, physical risks may materialise, for example, in real estate investments, which may be increasingly exposed to extreme weather events and sea level rise or flooding damage, for example, as a result of climate change. The physical impacts of climate change also extend to other asset classes, such as equity and corporate bond investments. Within these asset classes, industries dependent on foreign raw materials, for example, may be vulnerable to increasing extreme weather conditions.

In addition to physical and transition risks, climate change risks can also be considered through the climate targets of the investee companies. Such targets can be used to examine how well companies' business and strategy are aligned with the Paris Agreement, and how well they are prepared to respond to climate change in their own operations. Setting climate targets is part of a company's long-term risk management, and the absence of targets also increases risk from an investor's perspective. Evli regularly monitors the climate targets of its active equity and corporate bond funds and its direct equity and corporate bond investments and their development. In addition, Evli's engagement work aims to encourage companies to set science-based climate targets. The first phase of the engagement, which started in 2021, has focused in particular on high emitting companies whose emissions or targets are not aligned with the 1.5°C target. In 2023, Evli monitored the progress of the engaged companies and developed its engagement process as part of the climate targets roadmap.

Climate change also brings opportunities for investors. These include, for example, investing in companies that take advantage of opportunities to mitigate and adapt to climate change. In addition, climate change will increase the market for sustainable investments, such as green bonds, providing opportunities for the development of new products. In autumn 2019, Evli organised the first issuance of Green Note autocall certificates in Finland. The funds raised through the issue will be used to finance projects supporting sustainable development. In 2021, Evli carried out three similar issuances. In addition to these, two new funds were launched in 2020, Evli

Green Corporate Bond, an investment fund focusing on green corporate bonds, and Evli Impact Forest Fund I, a forest fund that aims to mitigate climate change by achieving positive carbon impacts. In 2023, Evli launched the new Evli Impact Forest II fund, which continues its predecessor's investment strategy and pursues a positive carbon impact. In the case of the forest funds, which are part of the alternative investment funds, Evli's performance fee depends on the achievement of the fund's carbon dioxide removal target. In 2022, as part of the merger of EAB Group Plc into Evli, the range of sustainability funds increased with among others Evli Renewable Energy Infrastructure Fund II, a renewable energy fund that offers the opportunity to invest in reducing global CO2 emissions. Evli also offers its clients the wealth management's climate portfolio strategy that aims to reduce the investment portfolio's greenhouse gas emissions and direct investments towards climate solutions according to the client's objectives. Careful allocation and risk analysis are the core of the investment strategy.


Evli has examined the sustainability of its investment strategy by conducting scenario analyses based on climate data provided by ISS ESG. The purpose of the scenario analysis is to assess the potential impact of climate-related risks and opportunities in global warming scenarios. The scenario analysis is also included in the tools used by portfolio managers of the equity and corporate bond funds managed by Evli, so the analysis information can be used both before and during the investment decision. The tools also allow systematic monitoring of the evolution of investment strategy scenarios. For example, Evli monitors how equity and corporate bond funds are aligned with the 1.5-degree and 2-degree scenarios. The scenario analyses are based on analyses produced by ISS ESG. In addition to the scenarios, Evli monitors and reports on the fossil fuel reserves of its investments and the transition of companies to low carbon. More detailed figures on the scenarios and other metrics can be found in the section "Metrics and targets" on page 34–37.

Risk management

Evli's Principles for Climate Change and climate targets set the baseline for taking into account and managing climate change and its impacts in investment activities. The identification and assessment of climate risks are based on an analysis of the investments by portfolio managers and the Responsible Investment team. Climate risk management measures include analysing and monitoring greenhouse gas emissions of investments, engagement and exclusion. Evli uses data from an external service provider, which is also used by the company's portfolio managers for investment decisions, for monitoring the climate change principles and other day-to-day work related to responsibility. Evli has also defined a climate roadmap for its climate targets, according to which it will systematically carry out its climate work.

The emissions of investee companies in Evli's equity and corporate bond funds are monitored by analysing the carbon intensity weighted by the portfolio weights of the funds, among others, as recommended by the TCFD, which measures the exposure of the portfolio to carbon-intensive companies. Emission data and other climate

ROADMAP TO BECOMING A NET ZERO ASSET MANAGER

- 
1. **Building a snapshot**
 2. **Development of climate risk management**
 3. **Updating the exclusions**
 4. **Engagement**
 5. **Systematic analysis of the targets**

analysis data, along with other ESG data, are integrated into the portfolio management systems, and thereby allowing Evli to also monitor and assess the evolution of climate risks in its investments. In line with its Principles for Climate Change, Evli has excluded companies producing peat for energy production and avoids investing in companies with a significant proportion (at least 10%) of their revenue coming from thermal coal mining, its use in energy production or oil sands extraction. If a company has a concrete plan to change its procedures and/or the company supports Just Transition, the Responsible Investment team may decide to depart from the exclusion. Evli does not finance new thermal coal-fired power plants, thermal coal mines or oil sands projects that are in the planning or construction stages. In addition to the general exclusion principles, some of Evli's funds follow an even broader exclusion for coal and fossil fuels, with a 5 percent revenue threshold for exclusion. The information required by the climate change principles, as well as the broader exclusion information for the funds, are included in the portfolio management system, which prevents investments in excluded companies and requires portfolio managers to justify any investment that exceeds the avoidable limits. Should the avoidable limit for climate change principles be exceeded, this would automatically be reported to the Responsible Investment team, which would analyse the company and decide on further action.

Evli sees active ownership and corporate engagement as one of the ways to manage climate change risks. Climate change mitigation is one of Evli's key themes for engagement. In its engagement work, Evli also

encourages companies to report transparently in line with the TCFD framework and set climate targets. In addition, Evli monitors company-specific targets and their progress. When making the NZAM commitment, Evli also set targets for engagement, which continue engagement in line with Evli’s roadmap of climate targets. These targets are described in more detail in the section “Metrics and targets”. As part of its independent engagement work based on its climate targets, Evli was in contact with 19 companies in 2023 and monitored the progress of the companies that were engaged with in the previous years. In 2023, Evli attended in 26 general meetings in Finland and one general meeting in Sweden.

In addition to independent engagement, Evli is committed to several investor initiatives that aim, among other things, to have a broader impact on the market, to influence companies at risk from a climate change perspective and to encourage governments in different countries to take more ambitious measures to mitigate climate change. Evli is involved in the following major climate initiatives, for example: the Climate Action 100+ initiative, CDP investor letters (climate change, deforestation and water) and the CDP’s collaborative engagement to set science-based targets. Evli has also signed, together with other investors, a letter to governments, the Global Investor Statement to Governments on the Climate Crisis, which encourages governments to ensure that the global temperature rise is limited to 1.5°C, take early action to keep greenhouse gas emissions in line with the 2030 target, promote the reduction of non-carbon emissions, increase the availability of climate finance and strengthen climate reporting across the financial system through mandatory TCFD reporting, requiring science-based climate transition plans, and coordinating and promoting consistency in global financial regulation. In addition, Evli has signed, together with other investors, the global COP15 investor statement “Moving Together on Nature”, which called on governments to take coordinated action to tackle climate change and biodiversity loss around the world and give financial institutions a stronger mandate to align financial activities with biodiversity targets, and to adopt an ambitious Global Biodiversity Framework.

In addition to these measures, Evli regularly monitors changes in climate change regulation. Evli has been involved in the EU legislative debate in Finland as a member of Finsif and Finance Finland and participated in global discussion, as a PRI signatory, at events organised by PRI. In 2023, Evli participated in Finance Finland’s Sustainable Finance Disclosure Regulation (SFDR) consultation as well as in a workshop, organised by PRI for its signatories, related to SFDR consultation. Furthermore, one significant stakeholder group is Evli’s data providers, with which Evli engages in continuous dialogue about, among others, climate data. The purpose is to develop Evli’s own operations, tools and reporting as well as to improve the data available to investors in order to achieve the climate targets.

¹ The calculation of carbon footprint figures is defined by the international standard GHG protocol (Greenhouse Gas Protocol), for example. The GHG protocol breaks down greenhouse gas emissions into scopes 1–3. Scope 1 greenhouse gas emissions refer to direct emissions from activities that are owned or controlled by the company. Scope ² greenhouse gas emissions, on the other hand, refer to the indirect emissions from the activity that arise from the production of purchased energy, and Scope 3 includes indirect emissions related to products purchased by the company, outsourcing, business travel, etc.

Metrics and targets

Evli regularly monitors the development of the carbon footprint of its equity and corporate bond funds by calculating the carbon intensity weighted by the portfolio weights of the funds, i.e. by analysing Scope 1 and Scope 2 emissions¹ of each investment, relating them to the company’s revenue and weighting each investment by its relative share in the portfolio. The carbon intensity obtained by the fund is compared to the corresponding figure of the fund’s benchmark index.

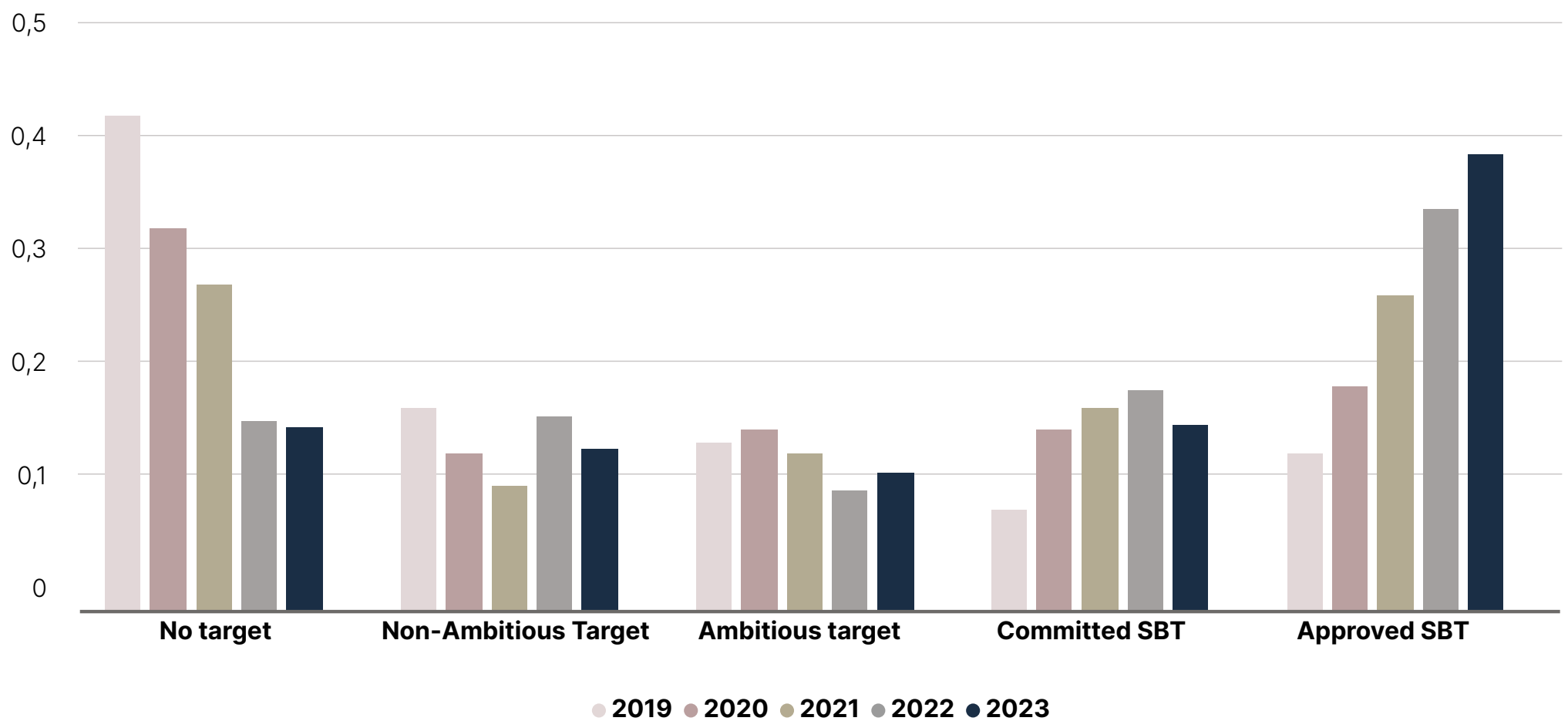
Evli has also mapped the absolute and financed emissions of its investments. The absolute emissions of Evli’s investments are the total emissions of the investments in relation to Evli’s ownership share of the total value of the investments. Similarly, the financed emissions are calculated by dividing the absolute emissions of the investments by the present value of all investments. The absolute emissions and weighted average carbon intensity is presented in the below table for Scope 1, 2 and 3 emissions. For Scope 3 emissions, it should be noted that the figures are largely still based on estimates and should be interpreted as indicative. In addition to Evli’s equity and corporate bond funds, direct equity and corporate bond investments in wealth management are included in the data in the table.

	Scope 1 + 2	Scope 1+2+3
Absolute emissions (t CO ₂ e, coverage 73%)	937,000	4,903,000
Carbon intensity (t CO ₂ e/\$M Sales, coverage 81%)	131.9	804.1

Source: Evli, MSCI ESG Research

While carbon footprint tracking helps to understand the emissions profile of investments, it is not a complete single measure of the emissions associated with a portfolio and does not help to assess future emissions trends or mitigation opportunities. For this reason, in addition to carbon emissions, Evli monitors the emissions reduction targets of its investments and their development as one of its key indicators. Evli has mapped the distribution of its investments’ climate targets between 2019 and 2023, and the development of the targets is shown in the graph on page 35. The climate targets of the investments range from “No target” to “Approved science-based target (SBT)”. Evli aims to increase the proportion of investments that have science-based climate targets, thereby reducing the potential risks to investments caused by climate change.

Distribution of climate targets 2019–2023



Source: Evli, ISS ESG

The mapping of climate targets takes into account all of Evli’s direct investments, including equity and corporate bond funds and the direct equity and corporate bond investments made in wealth management. The graph shows the evolution of the climate targets between 2019 and 2023. The graph indicates that over the course of five years, the share of “No target” has significantly decreased and the share of science-based targets has clearly increased. For example, the share of “Approved SBT” increased by 27 percentage points and the share of “Committed SBT” increased by 8 percentage points. In 2023, the share of committed SBTs was a little smaller than in 2022 which can be explained by the companies with committed SBTs getting the targets approved. Hence the share of approved SBTs was 5 percentage points higher compared to 2022 level. Correspondingly, between 2019 and 2023, the share of “No targets” decreased by 28 percentage points. The positive trend shown in the graph is in line with Evli’s ambitions, as encouraging the setting of climate targets is an important part of Evli’s engagement work and climate roadmap. 10 of the companies covered by Evli’s own climate engagement, which started in 2021, committed to a science-based climate target in 2022–2023.

Evli also uses scenario analysis to identify climate-related risks and opportunities. At the end of 2023, 28 percent of Evli’s equity and corporate bond funds were aligned with the 1.5-degree scenario and 41 percent with the 2-degree scenario. In addition, Evli analyses the share of companies owning fossil fuel reserves and compares it to the corresponding figure in the fund’s benchmark index. Evli also examines the transition

of companies to low-carbon status, dividing companies into different categories according to the risks and opportunities associated with their energy transition. This allows Evli to better assess the potential for reducing the carbon footprint of funds and to identify companies that are at risk from a climate change perspective. Evli also regularly explores new tools to better measure the actual impact of investments on different stakeholders and the environment, including the impact on climate change. Evli’s ESG reports for equity and corporate bond funds are publicly available on Evli’s website evli.com.

Evli’s climate targets

In line with its responsible investment objectives, Evli published separate climate targets in June 2021. Evli aims to achieve carbon neutrality by 2050 at the latest. The target applies to emissions from both Evli’s own operations and investments. In addition to the main target, Evli set three interim targets:

- 1) Evli aims to achieve carbon neutrality for emissions from its own operations (Scope 1 and 2) by 2025 at the latest.
- 2) Evli set an interim target of a 50% reduction in indirect emissions from investments by 2030, provided that the investment environment enables this. The base year is 2019.
- 3) Evli set up a Working Committee to further explore how best to achieve the investment-related milestone through real-world emission reductions and in line with the Paris Climate Agreement.

In 2022, it was decided that the Climate Working Committee continues supporting climate work until 2025. In 2022, Evli strengthened its climate commitment by signing the Net Zero Asset Managers initiative.

The interim targets and the roadmap of climate targets support Evli’s long-term goal of carbon neutrality. In line with the climate targets roadmap, Evli will refine the monitored metrics as work progresses and report accordingly.

Targets in line with the Net Zero Asset Managers initiative

In addition to its own climate targets, Evli has an interim target approved by the Net Zero Asset Managers (NZAM) initiative in 2023, which is based on Evli’s milestones of climate targets and roadmap, set in 2021, and providing more concrete tools and clearer metrics to support Evli’s short-term and long-term climate targets. In the first stage, the NZAM interim target includes Evli’s equity and corporate bond funds, as sufficient data is most readily available on them. With other asset classes, the work will be continued in accordance with Evli’s roadmap of climate targets.

Evli’s NZAM interim target is based on two methodologies approved by the initiative. Evli defined the interim targets related to assessment of companies (portfolio coverage targets) by following the Paris Aligned Investment Initiative’s¹ Net Zero Investment Framework² (NZIF) methodology. Based on Net Zero Asset Owner Alliance’s³ Target-Setting Protocol⁴ (TSP) methodology, Evli defined an interim target for investments (sub-portfolio target) and an engagement target. Evli will report on the progress of the targets annually.

At the end of 2023, the situation in the interim target of investments (sub-portfolio target) was a -44.7 percent decrease in carbon footprint compared with the base year 2019.

In accordance with the engagement target, Evli engaged with four company independently and with 12 companies through collaborative engagement initiatives in 2023. In addition, Evli continued its independent engagement with other high emitting companies.

At the end of 2023, 49.6 percent of the investments of material sectors were net zero, aligned or aligning.

¹ The Paris Aligned Investment Initiative (PAII) was launched in May 2019 by the Institutional Investors Group on Climate Change (IIGCC). The objective of the initiative is to examine how investors can align their portfolios to the goals of the Paris Agreement.

² The Net Zero Investment Framework developed by the PAII provides a common set of recommended actions, metrics and methodologies through which investors can maximise their contributions to achieving global net zero emissions by 2050 or sooner (www.parisalignedasse-towners.org/media/2021/03/PAII-Net-Zero-Investment-Framework_Implementation-Guide.pdf).

³ The UN-convened Net Zero Asset Owner Alliance (NZAOA) is a member-led initiative of institutional investors committed to transitioning their investment portfolios to net zero greenhouse gas emissions by 2050 – consistent with a maximum temperature rise of 1.5°C.

⁴ Target-Setting Protocol is a broad framework for reporting and delivering short-term climate targets (www.unepfi.org/industries/target-setting-protocol-third-edition/).

NET ZERO ASSET MANAGERS INTERIM TARGETS

Sub-portfolio target

Base year	2019
Carbon footprint of the base year	241.8 t CO ₂ e/\$M Sales
Target year	2030
Decrease in the emissions of investments	-50%

Engagement target

The aim is that Evli will engage with the 20 highest emitting companies that have not committed to or do not have an approved science-based target (SBTi) or that are not aligned to a net zero pathway as defined in the NZIF methodology.

Base year	2022
Target year	2025

Portfolio coverage targets

The target is to achieve a certain percentage of assets under management (AUM) in material sectors that is net zero, aligned or aligning.

Base year	2022, share of AUM 42%
Target year	2027, share of AUM 55%
Target year	2030, share of AUM 65%

	Carbon intensity (t CO ₂ e / USD million) (1)	Compared to benchmark (2)	Weight of companies owning fossil fuel reserves (%) (3)	Compared to benchmark (%-points) (2)	Coverage / Fund (4)	Coverage / Benchmark index (4)	Investments in Solutions class in the MSCI Low Carbon Transition classification (5)
Equity Funds							
AJ Evli Value Hedge	176.5		1.4%		64.3%		5.2%
Evli Emerging Frontier	124.1		2.3%		21.3%		
Evli Europe	200.4	115.8%	13.6%	5.3%	99.6%	99.6%	4.2%
Evli GEM	422.3	27.6%	8.6%	1.0%	91.2%	99.6%	3.3%
Evli Impact Equity	178.7	38.9%	0.0%	-6.8%	89.2%	99.9%	15.2%
Evli Japan	81.5	3.6%	4.3%	-3.3%	90.4%	100.0%	2.1%
Evli Global	52.3	-51.0%	0.0%	-6.7%	96.8%	99.6%	3.3%
Evli Global X	52.9	-50.4%	0.0%	-6.7%	97.1%	99.6%	3.3%
Evli Equity Factor Europe	38.8	-58.2%	0.0%	-8.4%	98.8%	99.6%	9.0%
Evli Equity Factor Global	41.4	-61.2%	0.0%	-6.7%	98.1%	99.6%	4.0%
Evli Equity Factor USA	42.2	-59.4%	0.0%	-5.2%	99.3%	99.6%	2.4%
Evli North America	134.9	22.6%	10.8%	5.1%	99.4%	99.6%	1.4%
Evli Nordic	173.6	204.0%	10.4%	7.4%	97.5%	99.6%	6.4%
Evli Nordic Small Cap	43.3	-58.0%	4.7%	3.0%	79.0%	87.8%	8.9%
Evli Sweden Equity Index	18.5	0.0%	0.0%	0.0%	95.4%	100.0%	2.7%
Evli Swedish Small Cap	65.2	44.7%	0.0%	0.0%	78.5%	93.7%	5.7%
Evli Finland Mix	143.4		0.0%		82.4%		4.5%
Evli Finnish Small Cap	117.6	21.5%	0.0%	0.0%	69.3%	72.7%	12.7%
Evli Finland Select	182.5	12.8%	0.0%	0.0%	94.5%	91.4%	9.6%
Evli USA Growth	42.7	-58.9%	3.6%	-1.6%	90.8%	99.6%	17.4%
Fixed Income Funds							
Evli Green Corporate Bond	100.4	-40.3%	3.7%	-3.4%	91.1%	96.0%	12.8%
Evli European High Yield	102.6	-18.4%	0.6%	-3.8%	64.3%	78.7%	
Evli European Investment Grade	79.5	-43.5%	0.0%	-8.7%	91.4%	97.6%	7.4%
Evli Emerging Markets Credit	369.9	-35.9%	11.8%	-4.0%	71.8%	87.3%	2.7%
Evli Euro Liquidity	103.0		0.5%		78.5%		4.5%
Evli Short Corporate Bond	210.8		0.0%		83.9%		4.6%
Evli Nordic 2025 Target Maturity	98.4		0.0%		64.0%		12.9%
Evli Nordic Corporate Bond	113.8	9.8%	0.0%	-6.4%	77.9%	97.8%	13.2%
Evli Corporate Bond	97.6	-18.6%	1.0%	-5.7%	85.5%	93.9%	4.6%

Sources: Evli, MSCI ESG Research

¹ Evli uses weighted average carbon intensity to measure carbon footprint. A fund's weighted average carbon intensity is calculated by dividing the company-specific scope 1 and scope 2 greenhouse gas emissions by the company's revenues. After that, company-specific carbon intensity is multiplied by the company's portfolio weight. The fund-specific carbon footprint is a sum of company-specific carbon intensities apportioned based on portfolio weights. Scope 1 greenhouse gas emissions refer to emissions directly occurring from sources that are owned or controlled by the company. Scope 2 greenhouse gas emissions refer to indirect emissions generated in the production of electricity purchased by the company.

² Compared to benchmark figure shows how the fund compares to corresponding figures for the benchmark index. As it is not possible to calculate this figure to all benchmark indexes, some sections are left blank.

³ Weight of companies owning fossil fuel reserves shows the share of companies owning coal, gas or oil reserves in the fund. In this report coal reserves refer to use of coal in energy production (thermal coal).

⁴ Coverage indicates the share of fund's/index's holdings (measured by market value) for which emissions data is available. The emissions data is based on emissions reported by the companies or other publicly available emissions data (e.g. GDP) and the data provider's estimate of emissions.

⁵ Shows the share of companies which have been classified in MSCI's Low Carbon Transition Classification to Solutions category. The Solutions category means that, according to MSCI's analysis, the companies in this category have the potential to benefit through the growth of low-carbon products and services.

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