Template pre-contractual disclosure for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 and Article 5 of Regulation (EU) 2020/852

Product name: Evli Green Corporate Bond **Legal entity identifier:** 743700TUHVU5NOQPXV31

> **Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

> The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable Investment Objetive

Does this financial product have a sustainable investment objective?

☒ Yes	☐ No
☒ It will make a minimum of **sustainable investments with an environmental objective**: 100 %	☐ **It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___%:n of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
☐ It will make a minimum of **sustainable investments with a social objective**: ___%	☐ with a social objective
	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

The fund's objective is to make sustainable investments in a way that achieves a positive and measurable social and environmental impact. The fund invests in assets that, based on a sustainability analysis, are expected to have a positive impact on the environment or society or on the achievement of the UN Sustainable Development Goals. These assets include green bonds.

The fund invests in corporate bonds that seek environmentally and/or socially positive goals and the attainment of the UN's Sustainable Development Goals. Before an investment decision is made, the corporate bond's compliance with the International Capital Markets Association's principles on green bonds and its suitability for the issuer's responsibility strategy are verified. In addition to using green corporate bonds as a reference, the issuer's responsibility is evaluated on the basis of Evli's Principles for Responsible Investment, which describe our approach to ESG analysis and exclusion. The purpose of the analysis is to understand the ESG risks associated with the company and any significant unresolved ESG issues that could prevent investment in the company.

Climate change mitigation: The fund promotes climate change mitigation as part of the promotion of characteristics associated with the environment by making sustainable investments, and by engaging with companies and excluding certain industries, for example. The fund also invests in environmentally sustainable economic activities that meet the criteria of the EU Taxonomy Regulation. The fund may also invest in transitional and enabling economic activities. At least 5 percent of the fund's investments are made in environmentally sustainable economic activities that meet the criteria of the EU Taxonomy Regulation. Information on an investment's compliance with the EU Taxonomy Regulation is obtained from issuers and from third parties who report information.

The fund's carbon footprint and emission indicators are measured and monitored, and a regular scenario analysis is conducted to monitor the attainment of Evli's general climate targets. Evli's goal is to achieve carbon neutrality by 2050 at the latest, and it has set a target of a 50 percent reduction in indirect emissions from all investments by 2030, provided that this is possible in the investment environment. The comparison year is 2019. The fund-specific share of the emission reduction target may vary between funds. The attainment of the climate targets will be measured using data from external service providers to monitor the fund's carbon footprint and intensity, the degree of low-carbon transition, a scenario analysis in relation to the target of limiting global warming to 1.5 degrees Celsius and the warming ratio associated with the fund.

In addition to climate change mitigation, the fund may promote other taxonomy objectives and make investments with an environmental objective that is not taxonomy compliant. In addition to an environmental objective, some investments may have a social objective.

ESG integration: Various factors related to a company and its industry are taken into account when making investment decisions. ESG factors are a key part of risk analysis and investment decisions. Evli's Principles for Responsible Investment and Climate Change Principles establish a framework for its investment activities. Portfolio managers carry out analyses of the companies and their industries and their ESG-associated risks and opportunities. The Responsible Investment Team supports the portfolio managers in their work, and Evli's Responsible Investment Steering Group makes decisions on the framework of responsible investment. Evli's ESG database provides portfolio managers with easy access to corporate responsibility data when making investment decisions and conducting analyses.

Exclusion by industry: The fund excludes harmful industries on the basis of Evli's responsibility principles and Climate Change Principles. In addition, target companies are regularly monitored for violations of norms.

Active ownership and engagement: Investment targets are monitored regularly and efforts are made to engage with companies to influence their practices. This can be done by engaging with companies, either alone or together with other investors, and by holding corporate responsibility discussions at regular company meetings. The themes of Evli's engagement are climate change mitigation, respect for human rights, anti-corruption measures, taking environmental issues into consideration, factors related to good governance and the reporting of responsibility factors.

The fund's return benchmark index is the Bloomberg Barclays MSCI Euro Corporate Green Bond 5% Capped Index. The index is not used to measure the achievement of sustainable investment objectives. In order to be accepted in the index, a bond must pass an assessment by MSCI, on the basis of which it can be classified as a green bond eligible for inclusion in the index. This means that the bond must meet the criteria set by MSCI regarding asset use, project evaluation and selection, management of assets and reporting. With respect to asset use, the requirement is that the assets collected with the bond are used for projects that promote sustainability goals related to the climate or to the environment (e.g. sustainable water use, pollution prevention and control, green building). This index is different from a general market index because only green bonds are selected into it.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

  The attainment of the fund's sustainable investment objective is measured and reported with specific indicators that are related to financed projects and their impact. The sustainability indicators are the amount of CO2 emissions avoided, the amount of renewable energy production and the amount of renewable energy capacity increase in the fund. In addition, the achievement of the sustainable investment objective is monitored through the target companies' carbon intensity trend and commitment to emission reduction targets, as well as the number of target companies that have not committed serious norm violations.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

- **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

  The fund does not make investments that would cause significant harm to other environmental or social objectives. The fund complies with Evli's Principles for Responsible Investment and its Climate Change Principles and aims to invest in companies with a good responsibility rating. If a company's responsibility rating is lower than BB (on the data provider's scale), a more detailed analysis of the company's responsibility has been carried out. Moreover, a company that violates the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or the OECD's Guidelines for Multinational Enterprises can be excluded from investment by the Responsible Investment Team. The fund also takes into account the principal adverse impacts on sustainability factors.

- **How have the indicators for adverse impacts on sustainability factors been taken into account?**

The principal adverse impacts (PAI indicators) on sustainability factors are taken into account in accordance with Evli's Principles for Responsible Investment and Climate Change Principles. The PAI indicators are considered through an internal process based on Evli's Principles for Responsible Investment. An internal PAI tool has been built based on data from an external service provider to view PAI indicators relevant to the investment target. Evli's Principles for Responsible Investment are asset class-specific and cover all Evli funds. Evli's Principles for Responsible Investment and Climate Change Principles define industry-specific exclusion limits and the process for dealing with any identified non-compliance with norms.

- **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The consideration of PAI indicators also covers the OECD Guidelines for Multinational Enterprises. Evli regularly monitors its active investments and seeks to influence the companies' practices. Evli's Principles for Responsible Investment define the basic standards for norm-based screening and exclusion of companies. If a company violates the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises, Evli will either seek to influence the company's actions or exclude it from its investments.

Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

Yes, Evli takes account of the principal adverse impacts of its investments on sustainability factors (Principal Adverse Impact or PAI indicators) in accordance with Evli's Principles for Responsible Investment and its Climate Change Principles. The PAI indicators are considered through an internal process based on Evli's Principles for Responsible Investment. An internal PAI tool has been built based on data from an external service provider to view PAI indicators relevant to the investment target. Evli's Principles for Responsible Investment are asset class-specific and cover all Evli funds. Evli's Principles for Responsible Investment and Climate Change Principles define industry-specific exclusion limits and the process for dealing with any identified non-compliance with norms. Information on the main adverse impacts on sustainability factors is available in the fund's annual report.

☐ No

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

Evli Green Corporate Bond Fund is a long-term corporate bond fund that invests primarily in euro-denominated bonds issued by European companies and banks. The investments will be made in bonds with both higher (investment grade) and lower (high yield) credit ratings. The investments' credit rating will be on average at least BBB- or a classification with a corresponding risk level. Moreover, a maximum of 20% of the fund's assets may be invested in investments with no official credit rating.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The fund invests in corporate bonds that seek environmentally and/or socially positive goals and the attainment of the UN's Sustainable Development Goals. Before an investment decision is made, the corporate bond's compliance with the International Capital Markets Association's principles on green bonds and its suitability for the issuer's responsibility strategy are verified. In addition to using green corporate bonds as a reference, the issuer's responsibility is evaluated on the basis of Evli's Principles for Responsible Investment, which describe our approach to ESG analysis and exclusion. The purpose of the analysis is to understand the ESG risks associated with the company and any significant unresolved ESG issues that could prevent investment in the company.

Various factors related to a company and its industry are taken into account when making investment decisions. ESG factors are a key part of risk analysis and investment decisions. Evli's Principles for Responsible Investment and Climate Change Principles establish a framework for its investment activities. Evli has built an internal ESG database based on data produced by external service providers, which it uses to monitor ESG factors.

Evli's Principles for Responsible Investment define the basic standards for norm-based screening and exclusion of companies. Evli regularly monitors its active investments and seeks to influence the companies' practices. If a company violates the principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises or Evli's Climate Change

Principles, Evli will either seek to influence the company's actions through engagement it or exclude it from its investments. On the basis of regular monitoring, Evli's Responsible Investment Team will take the necessary measures with respect to companies that are suspected of having violated international laws and regulations. Such companies can either be excluded directly or Evli can engage with them. If dialogue with a company fails or is deemed to be unhelpful, the company may be added to the exclusion list. Furthermore, Russia is excluded as a geographical area where Evli invests, including both Russian companies and the Russian state.

In accordance with Evli's general exclusion principles, manufacturers of controversial weapons, as well as tobacco manufacturers and producers of adult entertainment and companies involved in controversial lending (including so called payday loan companies) are excluded from the fund. In line with Evli's Climate Change Principles, the fund monitors the greenhouse gas emissions of its investments and avoids investing in companies which carry out thermal coal mining, use thermal coal in energy production or carry out oil sands extraction. This exclusion may be waived if the company has a clear plan to change its operations. In addition, companies producing peat for energy production are excluded.

Under its own exclusion principles, the fund also excludes alcohol and weapons manufacturers, gambling companies and fossil fuel (mining and extracting) manufacturers from its investments.

Evli's Principles for Responsible Investment and detailed exclusion criteria are available on Evli's website at https://www.evli.com/en/responsibility/responsible-investing.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What is the policy to assess good governance practices of the investee companies?

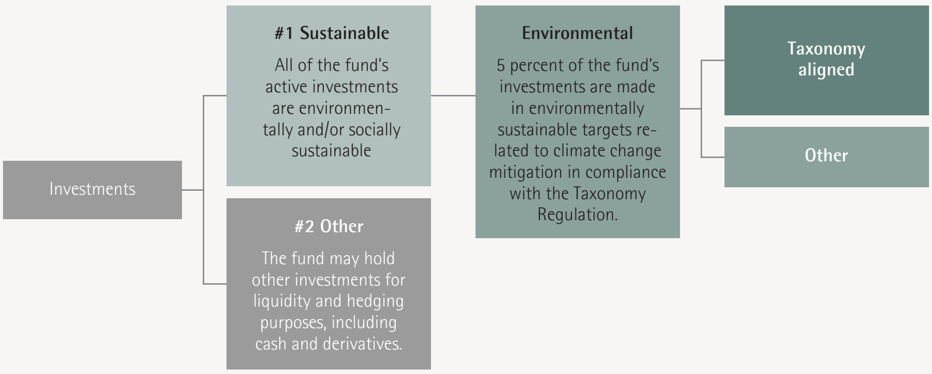
An assessment of the quality of corporate governance is an important part of the assessment of potential investments.

Evli's ownership control principles state that the companies it invests in must engage in good governance by complying with the Finnish Corporate Governance Code issued by the Securities Market Association, for example, or corresponding foreign guidelines, which often impose a partial framework on the remuneration models of the invested companies. In addition, Evli's Responsible Investment Team analyses the fund's investments every three months for any breaches of norms (UN Global Compact and OECD's guidelines for multinational companies). The OECD's guidelines for multinational companies also cover disputes related to taxation. Consequently, such disputes may lead to the exclusion of an investment instrument.

What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emission and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund is committed to making sustainable investments in accordance with the EU Taxonomy Regulation, as described below. Other investments that promote environmental factors are not sustainable investments under the Taxonomy Regulation. Not all industries in which the fund can invest are covered by the environmental objectives of the Taxonomy Regulation.

The proportion of taxonomy-aligned investments is expressed as a share of revenue. The proportion of taxonomy-aligned investments is based on data provided by an external data provider and not verified by a third party.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

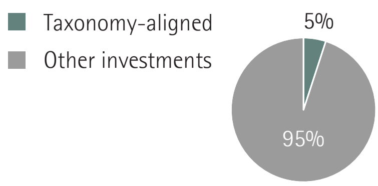
☒ No

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

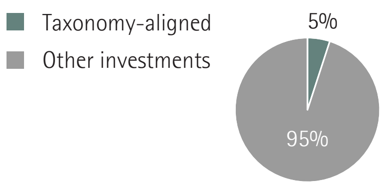
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What is the minimum share of investments in transitional and enabling activities?

The fund may also invest in transitional and enabling economic activities. At least 5 percent of the fund's investments are made in environmentally sustainable economic activities that meet the criteria of the EU Taxonomy Regulation.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

To the extent that environmentally sustainable investments are not environmentally sustainable under the Taxonomy Regulation, they are other environmentally sustainable investments. Data reported by companies on taxonomy alignment is not yet available, and the coverage of the industries and reported data under the classification system does not support a commitment to a higher minimum proportion of taxonomy-aligned investments. The proportion of investments in the fund that comply with the classification system may eventually be higher than the committed proportion. Reporting on taxonomy alignment will improve as companies start to report the necessary information and as regulation evolves.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The fund may occasionally, regularly, extensively or never use derivatives or other strategies that do not meet the criteria for sustainable investment (for purposes of liquidity or hedging, for example). Such investments comply with minimum hedging measures.

Where can I find more product specific information online?

More product-specific information can be found on the website:
https://www.evli.com/en/products-and-services/mutual-funds