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.

Template pre-contractual disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: Evli USA Growth **Legal entity identifier:** 63670004Y5AV9UHKYK08

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

[ ] Yes

- [ ] It will make a minimum of **sustainable investments 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
- [ ] It will make a minimum of **sustainable investments with a social objective**: ___%

[x] No

- [ ] **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
  - [ ] with an environmental objective in economic activities that 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
  - [ ] with a social objective
- [x] It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes environmental and social characteristics in accordance with Evli's Principles for Responsible Investment, Climate Change Principles and climate targets, and requires that target companies observe good governance practices. The fund uses the tools described below to promote these characteristics:

ESG integration: The fund complies with Evli's Principles for Responsible Investment and requires that target companies observe good governance practices. The fund's target companies are analyzed before an investment decision is made and at regular intervals during the investment period with regard to environmental, social and corporate governance matters, or ESG factors. ESG factors are integrated into the analysis of target companies and their selection for investment by the fund. Evli has built an internal ESG database based on data produced by external service providers, which it uses to monitor ESG factors.

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.

Climate change mitigation: 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.

Active ownership and engagement: The Responsible Investment Team regularly monitors investment targets and engages with companies to influence their actions if they violate 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. Engagement can also be collaborative with other investors when the target and goals of collaborative engagement are in line with Evli's Principles for Responsible Investment. The themes of 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 benchmark index is a market-based index that does not consider sustainability factors. The benchmark index used by the fund can be found in the fund-specific key information document.

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 each of the environmental or social characteristics promoted by this financial product?**

The achievement of the environmental or social characteristics promoted by the financial product is monitored through the target companies' carbon intensity trend and commitment to emission reduction targets, as well as through the number of target companies that have not committed serious norm violations.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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

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.

☒ **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 USA Growth Fund invests its assets mainly in the equities of major American companies. The fund's investment strategy focuses on growth companies. Its investment decisions are weighted by academically determined factors selected at any given time. The fund may also invest its assets in derivatives contracts both for hedging purposes and within the fund's investment strategy.

- **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's target companies are analyzed before an investment decision is made and at regular intervals during the investment period with regard to environmental, social and corporate governance matters, or ESG factors. ESG factors are integrated into the analysis of target companies and their selection for investment by the fund. 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.

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. Furthermore, Russia is excluded as a geographical area where Evli invests, including both Russian companies and the Russian state.

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.

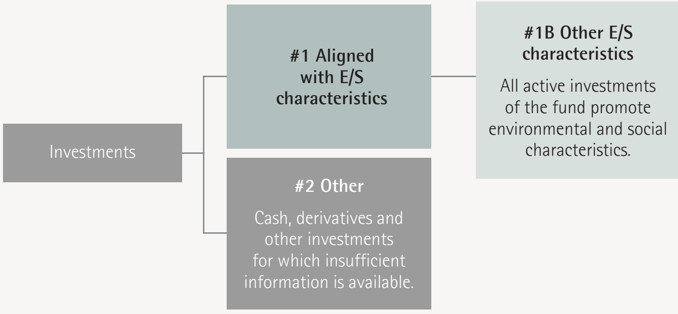
- **What is the policy to assess good governance practices of the investee companies?**

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 planned for this financial product?

Asset allocation describes the share of investments in specific assets.



#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.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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.

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

The fund promotes environmental and social characteristics but does not commit to making investments that are sustainable under the EU's Taxonomy Regulation. Not all industries in which the fund can invest are covered by the environmental objectives of the Taxonomy Regulation. 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 minimum proportion of taxonomy-aligned investments. Reporting on taxonomy alignment will improve as companies start to report the necessary information and as regulation evolves.

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

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.

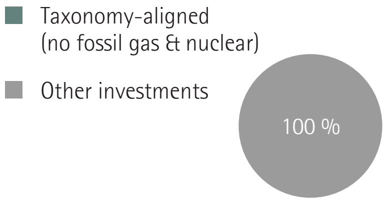
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas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

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

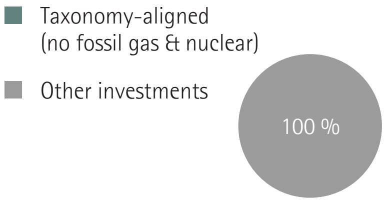
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

The Principles for Responsible Investment, the Climate Change Principles and the exclusion principles apply to all direct investments made by the fund.

The fund may also make investments for hedging or liquidity purposes, for example. The fund may also invest in derivatives contracts both for hedging purposes and within the fund's investment strategy, and it can hold cash. Such investments are not subject to the ESG requirements or minimum safeguards described above.

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