

## EVLI'S PRINCIPLES FOR RESPONSIBLE INVESTMENT FOR DIRECT PRIVATE EQUITY INVESTMENTS AND FUNDS

At Evli, responsible investment activities are governed by Evli's Principles for Responsible Investment. The purpose of the Principles for Responsible Investment is to define Evli Wealth Management's approach to responsible investment and to communicate the methods it uses. For further information on our responsible investment practices please refer to our Principles for Responsible Investment available at Evli's website ([evli.com](https://evli.com)).

### Evli's approach to responsible investment for direct private equity investments and funds

This document seeks to complement the Principles for Responsible Investment by defining for direct private equity investments (EAB Private Equity, later PE) and for funds making direct private equity investments (Evli Growth Partners, later EGP) the approach to responsible investment and setting out our expectations for the target companies. As part of Evli, EGP and PE are committed to complying with Evli's Principles for Responsible Investment and ESG factors are integrated as part of the entire investment process and its different stages. EGP and PE see responsibility as an integral part of our value creation and are committed to concretely develop sustainable business practices within the investment companies. Responsibility affects the companies' chances for success in the long term, hence considering it in investments is profitable for an investor as well. EGP and PE teams are committed to ESG practices, and the teams include dedicated persons with responsibility of implementing the practices in day-to-day operations.

In addition to following Evli's Principles for Responsible Investment, EGP and PE have committed to the following principles and report on them to their own investors.

#### Analysis

EGP's and PE's approach to ESG integration is driven by the need to understand how the companies, across different sectors and geographies, address material ESG topics. In the pre-investment phase, the main objective is to understand the current level of ESG management and the target in the target company and to understand the key ESG risks and opportunities and their impact on the company's performance. EGP and PE perform an ESG assessment of the target company as part of its Due Diligence process. The assessment is based on recognized ESG approaches and standards, such as SASB, the UN Sustainable Development Goals (SDGs) and analyses done by trade associations as well as those of MSCI ESG Research.

#### Monitoring and engagement

Responsibility targets are aimed to be incorporated into the shareholders' agreements, e.g., company's ESG policy. During the ownership phase, EGP and PE concentrate on evaluating target companies' value creation potential through engagement with and development of company-level ESG practices. ESG is integrated into the companies' value creation plan, such as 100- and 1000-days (EGP) or the first 12 months or the following ownership period (PE). EGP and PE monitor their investments' ESG performance and as active owners have regular engagement with the target companies.

#### Exclusion

EGP and PE perform ESG screening and avoid investments in sectors excluded by Evli.

## Reporting

EGP and PE report on ESG matters to their own investors as part of their quarterly, semi-annual and/or annual reporting. For EGP and PE investments responsibility and framework for responsible investment are also reported as part of Evli's responsible investment reporting, where appropriate.

## Collaboration with other operators

EGP and PE are also members of the Finnish Venture Capital Association (FVCA), following their rules and guidelines. EGP and PE also work as active members of the FVCA ESG and Sustainable Finance working groups developing industry-wide responsible investment practices and guidelines. Evli has also committed to follow in its investment practices the UN Principles for Responsible Investment (UN PRI) and reports of its activities annually to UN PRI. Evli is also a member of Finsif – Finland's Sustainable Investment Forum ry. The purpose of Finsif is to promote responsible investing which takes into account aspects related to environmental, society and good governance in asset management and when making investment decisions.