

Responsibility score	<b>AA</b>
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Fund carbon footprint	<b>136</b> <small>(t CO2e/\$M Sales)</small>
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UN Global Compact fails	<b>0 %</b>
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Benchmark index carbon footprint	<b>214.7</b> <small>(t CO2e/\$M Sales)</small>
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#### ESG Approach

ESG integration  
Thematic investing  
Exclusion  
Active ownership  
Engagement  
Climate Change Principles

#### Exclusion

Controversial weapons manufacturers(1)  
Tobacco manufacturers(2)  
Adult entertainment producers(2)  
Controversial lending(2)  
Russia(3)  
Alcohol producers(2)  
Gambling(2)  
Weapon manufacturers(2)  
Fossil fuel extraction and mining(2)

#### Exclusion Climate Change Principles

In addition to the exclusions above:  
Thermal coal in energy prod. 30% revenue threshold  
Energy peat producers

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#### ESG strategy

The fund invests in bonds that target positive environmental and/or social outcomes. Before the investment decision, we ensure that the green bond framework adheres to the International Capital Market Association's green bond principles and aligns with the issuer's sustainability strategy. In addition to the green bond framework analysis, we evaluate each issuer in accordance with the screening process defined in Evli's Principles for Responsible Investment which, among others, describe our approach to ESG analysis, engagement and exclusions. The aim of the analysis is to understand ESG risks pertaining to a company as well as to identify any significant, unresolved ESG issues which could prevent investment in the company.

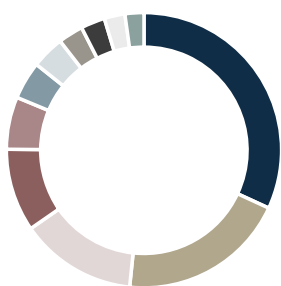
#### Engagement activity

The Fund's portfolio manager and fund management team meet with, and regularly contact, the companies. At these meetings, ESG issues are discussed, among others. The main engagement themes for Evli are good governance, climate change mitigation and international norms compliance. In addition to Evli's own engagement, Evli engages with other investors in different initiative such as Climate Action 100+, CDP's investor letters, CDP's Science-Based Targets (SBTs) collaborative engagement and the Global Investor Statement to Governments on the Climate Crisis.

#### Evli's Climate Change Principles

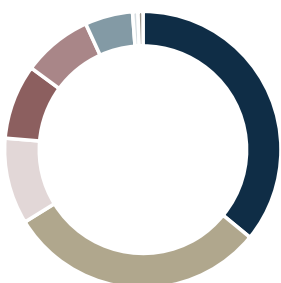
Evli's Climate Change Principles consist of four procedures: 1) analysis and monitoring of greenhouse gas emissions of investments, 2) exclusion, 3) engagement, and 4) reporting of climate risks following the TCFD's (Task Force on Climate-related Financial Disclosures) recommendations. In June 2021 Evli published companywide Climate Targets. Evli aims to be carbon neutral by 2050 at the latest and has set separate interim targets, which apply to both Evli's own operations' and its investments' emissions.

#### Issuer breakdown by sector



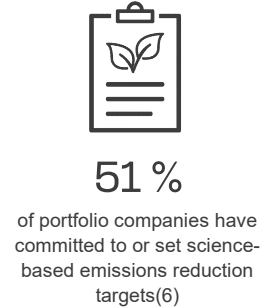
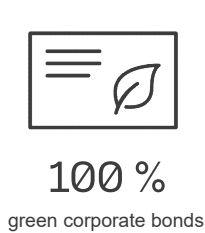
- Banking, 31.9%
- Utility, 19.7%
- Real Estate, 13.7%
- Basic Industry, 9.8%
- Automotive, 6.2%
- Financial Services, 4.4%
- Capital Goods, 3.9%
- Telecommunications, 2.9%
- Transportation, 2.8%
- Consumer Goods, 2.4%
- Insurance, 2.2%

#### Breakdown by use of proceeds category(4)



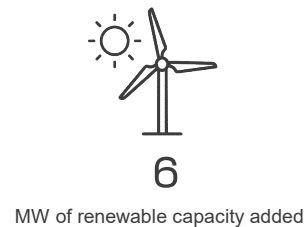
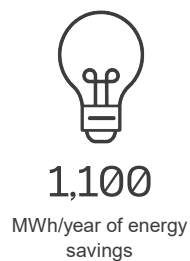
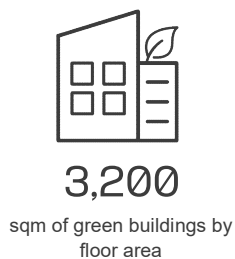
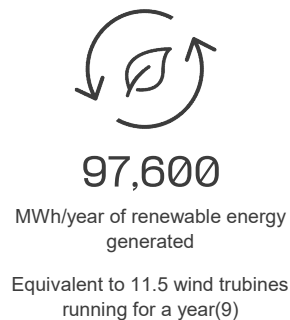
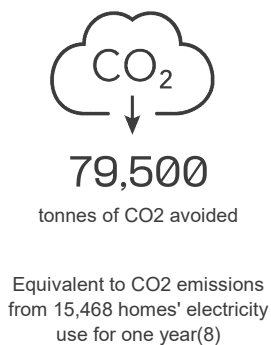
- Green buildings, 35.9%
- Renewable Energy, 30.3%
- Clean transportation, 10.1%
- Sustainable natural resources management and land use, 8.7%
- Energy efficiency, 8.2%
- Circular economy and eco-efficient products and processes, 5.6%
- Sustainable water and wastewater management, 0.6%
- Pollution prevention and control, 0.6%

### ESG highlights

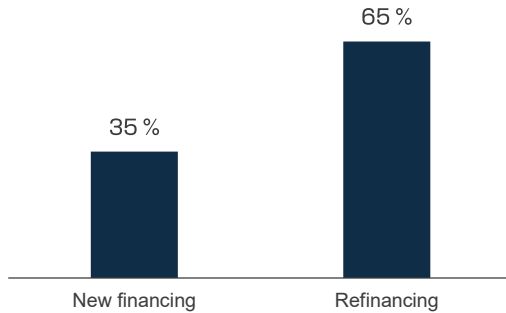


### Impact snapshot

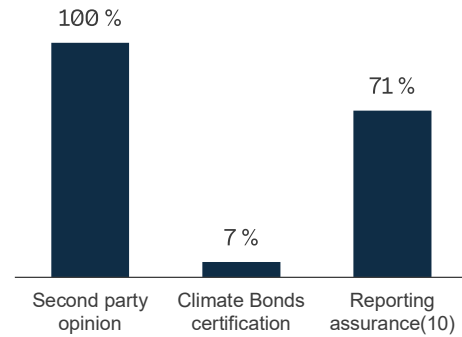
The following figures illustrate the outputs and impact of the projects financed by the bonds in our portfolio(7):



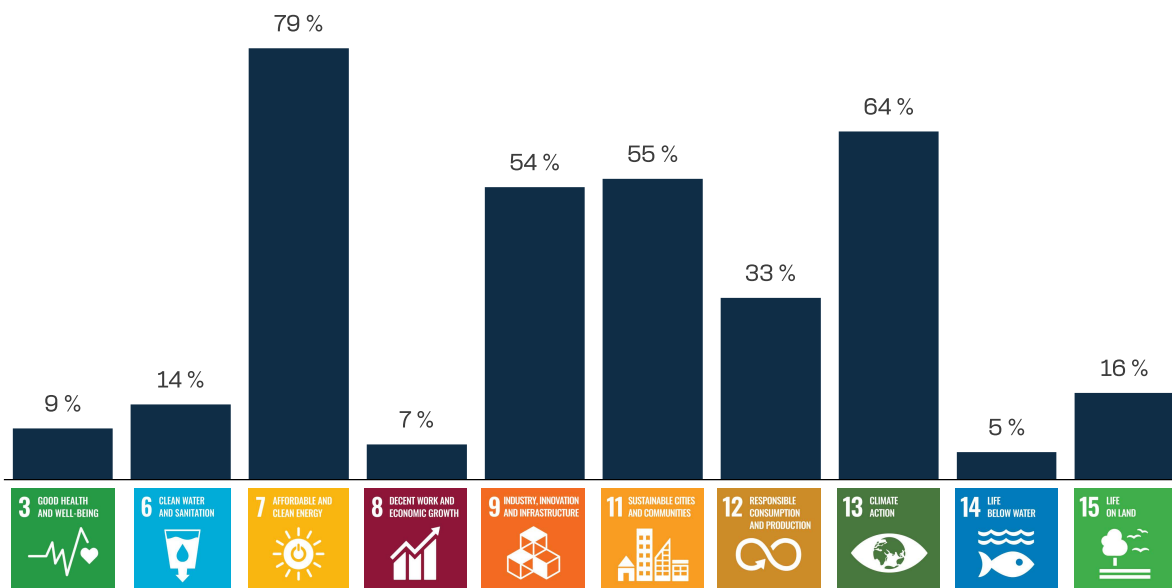
### Allocation of proceeds between new and existing projects



### Second party opinion



### Alignment with the UN Sustainable Development Goals



Note: An individual holding can be aligned with multiple SDGs.

The chart above shows the UN Sustainable Development Goals (SDGs) the holdings of the fund align with. The green bonds in the fund are most aligned with the SDGs 7 (Clean energy), 13 (Climate action), 11 (Sustainable cities and communities) and 9 (Industry, innovation and infrastructure). This is consistent with the green focus of the fund and in line with the use of proceeds described earlier in this report.

### Green bond example: Red Eléctrica Corporacion S.A.

#### Issuer profile

Red Eléctrica engages in electricity transmission, system operation and management of the transmission network in Spain and abroad. Main activities are carried out in Spain, where Red Eléctrica de España SAU acts as the sole transmission agent and operator (TSO) of the national electricity system. The Red Eléctrica Group is also active in telecommunications segment where it operates fibre optic network and satellite infrastructure. The Group's sustainability priorities focus on decarbonisation, responsible value chain, innovative corporate culture and contribution to social, economic and environmental development.

**Use of proceeds:** Renewable energy and clean transportation(12)

#### Alignment with the SDGs:



#### Eligible projects

In 2021, the proceeds of the bond were allocated to projects that enable the connection of new renewable capacity to the transmission grid, enhance the transmission capacity for renewable energy and aim at improving the efficiency of the rail system.(13)

#### Eligible projects in figures

- 60 GW of renewable capacity installed
- 3,516 MVA of transformer capacity assigned to connect high speed train facilities
- 6,396 GWh renewable energy produced per year

#### Green bond impact

**5,433,450**  
tonnes of CO2e emissions avoided in 2021

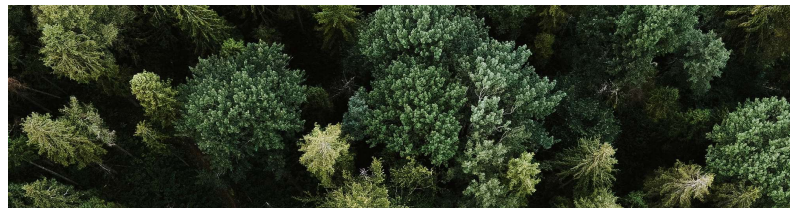
### Green bond example: UPM–Kymmene Corporation

#### Issuer profile

UPM-Kymmene Corporation manufactures forest-based products. The company operates globally through six operating segments: UPM Fibres, UPM Energy, UPM Raflatac, UPM Specialty Papers, UPM Communication Papers, UPM Plywood and Other. Its product portfolio is focused on renewable and recyclable products for packaging, labelling, construction, manufacturing and biomedical, among others. The company's Biofore strategy is based on resource efficiency and renewable solutions. Accordingly, the company has defined a set of sustainability focus areas and targets, such as forests and biodiversity, climate and responsible sourcing, and reports on progress towards those targets annually.

**Use of proceeds:** Sustainable forest management and climate positive products and solutions(14)

#### Alignment with the SDGs:



#### Eligible projects

In 2021, the proceeds of the bonds were allocated to sustainable forest management activities, such as maintenance of nurseries and planting, and acquisition of new plantation areas. In addition to those, funds were allocated to R&D projects and an investment in a biochemicals biorefinery in Germany.(15)

#### Eligible projects in figures

- 784,000 hectares of certified forest
- EUR 34 million investment in a new biochemicals refinery

#### Green bond impact

Five years annual average carbon sink  
**3,800,000**  
tonnes of CO2e

### Methodology

#### Footnotes:

- (1) Companies manufacturing controversial weapons (landmines, cluster munitions, nuclear weapons, depleted uranium, chemical weapons, biological weapons) with 0% revenue threshold.
- (2) Revenue threshold for the exclusion is 5%.
- (3) Russian companies and the Russian state are excluded since 03/2022.
- (4) Based on the International Capital Markets Association's Green Bond Principles.
- (5) The Task Force on Climate-related Financial Disclosures (TCFD) maintains a reporting framework that seeks to improve companies' reporting on climate-related risks and opportunities. The framework covers four different reporting areas: governance, strategy, risk management and metrics and targets.
- (6) A science-based emissions reduction target refers to emissions reduction targets validated by the Science Based Targets initiative (SBTi). Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. Through the SBTi, companies can set near-term, long-term or net-zero targets. Net zero targets require setting both near-term and long-term emissions reduction targets.
- (7) Attributed to the fund in proportion to the size of the fund's share of each issuance (holdings as of December 31, 2022).
- (8) United States Environmental Protection Agency: Greenhouse Gas Equivalencies Calculator.
- (9) United States Environmental Protection Agency: Greenhouse Gas Equivalencies Calculator.
- (10) 1 Olympic-size swimming pool = 2,500 m3 of water
- (11) As of December 31, 2022, allocation and impact report was available for 108 out of 138 bonds in the portfolio.
- (12) Red Eléctrica Green Bond Report 2021.
- (13) Red Eléctrica Green Bond Report 2021.
- (14) UPM Green Bond Report 2021.
- (15) UPM Green Bond Report 2021.

#### Impact metrics:

The output and impact figures presented in this report are based on the most recent allocation and impact reports published by the green bond issuers. The issuers typically publish allocation and impact reports once a year on the anniversary of the issuance of their first green bond or in connection with annual reporting. Hence, there is considerable variation in publication dates. Majority of the data presented in this report have been collected from green bond reports published in 2022 and thus represent outputs and impact generated in 2021.

It is good to note that allocation and impact reporting is rather heterogenous as both the level of disclosure and impact reporting methodologies and metrics vary between issuers. For example, some issuers provide reporting on project or bond level, while others report on portfolio or program level. Similarly, not every issuer reports on every metric and not all of them use same methodologies to calculate impact (e.g. CO2 emissions avoided). While especially the heterogeneity of impact reporting poses certain challenges for fund-level reporting, we have striven to use the metrics most commonly used by the issuers to ensure that the selected indicators are representative of our portfolio. Further, when we have noticed shortcomings in the reporting, we have contacted the issuer to clarify the issue. Depending on an indicator in question, issuers may report annual or lifetime impact of the underlying projects. For lifetime impact data, the reported impact is distributed across the term to maturity of a bond.

As of December 31, 2022, allocation and impact report was available for 108 (out of 138) bonds in our fund representing 66.7% of the portfolio weight. This is attributable to the fact that approx. 20% of the bonds in the fund were issued during 2022. For those bonds the first allocation and impact reports can be expected to be published in 2023. The remaining allocation and impact reports for bonds issued prior to 2022 can also be expected to be published in 2023.

While it is not possible to calculate impact for bonds in the absence of allocation and impact report, those bonds are included in the use of proceeds calculations if i) the green bond framework contains only one use of proceeds category (e.g. green buildings) or ii) the issuer has disclosed the intended allocation between different use of proceeds categories at the time of the issuance. In such cases, we have deemed that we can have reasonable confidence on how the funds have been/will be allocated even in the absence of an allocation and impact report.

### UN sustainable development goals:

We assess the alignment with the UN SDGs based on the issuers' self-reported mapping between the SDGs and eligible project categories in the green bond framework or annual green bond report. At first, we check the bond-level alignment with the 17 SDGs (NB: an individual holding can be aligned with several SDGs) and then aggregate these figures on the fund-level by summing up the number of holdings aligned with each of the SDGs (NB: there may not be alignment with every SDG in which case those SDGs will not be shown in this report) and apportioning these to the number of holdings in the portfolio. If the issuer has not identified the relevant SDGs in the green bond documentation, we use the second party opinion provided by an external verifier and "Nordic Public Sector Issuers Position Paper of Green Bonds Impact Reporting" prepared by a group of Nordic public sector issuers as secondary sources to assess alignment.

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