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 Infrastructure Fund II Ky **Legal entity identifier:** 3299846-9

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes

☒ No

☐ 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**: ___%

☐ **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

☒ 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 as part of investment activities by integrating sustainability factors into the due diligence process carried out prior to investment, assessing fund managers during the investment period, excluding certain industries, and engaging with fund managers through active dialogue. The fund also uses the tools described below to promote these characteristics:

ESG integration: The fund complies with Evli's Principles for Responsible Investment and the fund's own responsibility principles. The fund's approach to ESG (Environmental, Social, Governance) integration is driven by a need to understand how the fund manager takes account of key ESG questions at different stages of the investment process. Before making an investment, the principal objective is to understand the current level of ESG management of the fund's management company. The fund requires all the fund management companies to set their own ESG policy and to commit to responsible investment practices. Furthermore, the fund will carry out a separate ESG assessment on the management company before making a commitment. During the investment process, the fund evaluates the ESG policies and procedures of the target fund and the target fund manager, and whether they promote environmental and societal functions or combinations of these functions. During the due diligence process the investment's material risks related to the environment, society or governance are assessed. The aim is to also promote environmental and social factors through the fund's broad exclusion practices. At the investment stage, the fund issues each fund manager its own ESG rating, which is based on an assessment carried out by the investment team. The ESG assessment is repeated annually and the results are reported to investors. The ESG assessment examines the fund manager's ESG policy, including the target fund's exclusion principles and the international standards observed by the target fund, the consideration of sustainability factors in investment activities (due diligence, value creation, active ownership and risk management), and the reporting of sustainability factors.

Climate change mitigation: The fund encourages management companies to report climate data and set their own climate targets. The minimum requirement in investment decisions is that the target fund or target fund manager has an ESG policy. Evli's goal is to achieve carbon neutrality by 2050 at the latest, and it has set an interim 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.

Monitoring and engagement: The fund encourages the fund managers of target funds to incorporate sustainability factors into the various areas of their operations. The fund will not make a commitment to a fund that does not have an ESG policy or that is not committed to responsible investment practices (such as the United Nations Principles for Responsible Investment, UNPRI). During the investment period, the portfolio managers regularly monitor and assess the fund managers' ESG practices and performance on the basis of the target funds' ESG reporting and a regular ESG survey carried out by the fund, and engage in active cooperation with the aim of reducing the likelihood of sustainability risks materializing. The fund issues each fund manager its own ESG rating, which is based on an assessment carried out by the fund's investment team.

Exclusion: Environmental and social factors are also promoted through the fund's broad exclusion practices. The fund aims to exclude investments that are harmful or controversial industries such as tobacco, adult entertainment, controversial lending, weapons and firearms, and peat production. The fund will also not invest in target funds that do not exclude companies that are in contact with child labor or corruption, for example.

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 proportion of capital invested in renewable energy, the proportion of target fund management companies that report on their carbon intensity, the proportion of management companies that have climate targets, and the proportion of management companies that take account of and report on the principal adverse impacts to the environment and society (PAI indicators) of their investment decisions are used as indicators to measure the implementation of the environmental or social characteristics promoted by the fund.

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?

☐ Yes

☒ No

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, anti-corruption and antibribery matters.

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

What investment strategy does this financial product follow?

The fund invests globally in first-class private equity funds that invest their assets in unlisted companies operating on the infrastructure sector. The fund aims for good strategy-specific, manager-specific, geographic, industry and temporal diversification. The fund aims to diversify its investments in around 7–10 target funds. The target funds invest in infrastructure, which includes water and waste companies, social infrastructure which serves society, telecommunication companies including telecommunication networks and data centers, roads and ports, energy production and distribution companies, and renewable energy. In the target fund selection process, special attention is paid to the continuity and replicability of the fund manager's investment strategy and the functioning of the strategy throughout the economic cycles.

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 complies with both Evli's general and the fund's own Principles for Responsible Investment. The fund will not make new commitments to fund management companies that do not have their own ESG policy and that are not committed to responsible investment practices. When deciding upon new investments, the target fund's exclusion practices are assessed and the aim is to avoid investing in industries that Evli has excluded. The fund of funds manager can, under certain conditions, deviate from Evli's exclusion criteria. Furthermore, the exclusion of thermal coal companies and investments that use peat for energy production, for example, may be agreed upon separately in side letters. Before making a commitment, the fund will carry out a separate ESG assessment on the management company.

Evli's Principles for Responsible Investment define the basic standards for norm-based screening and exclusion of companies. In accordance with Evli's general exclusion principles, manufacturers of controversial weapons (landmines, cluster munitions, nuclear weapons, depleted uranium, chemical weapons and biological weapons), as well as tobacco manufacturers and producers of adult entertainment and companies involved in controversial lending (including so called pay-day lenders) are excluded from the fund. In line with Evli's Climate Change Principles, the greenhouse gas emissions of investments are monitored and investment in companies which carry out thermal coal mining, use thermal coal in energy production or carry out oil sands extraction is avoided. 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.

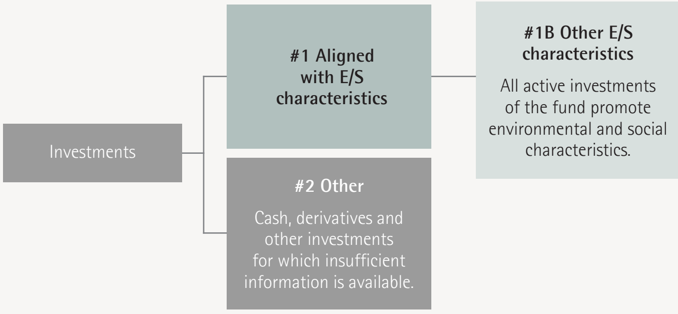
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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

The fund requires good corporate governance from the fund managers of target funds. An assessment of the quality of corporate governance is an integral part of the assessment of the fund's potential target funds. The governance assessment deals with four aspects of the corporate governance of the business activities of the fund manager and its management (effective governance structures, relationships with employees, remuneration of personnel and compliance with tax provisions), and the risk assessment capacity related to corporate governance and the tools available for this. Similarly, the target funds of Evli Private Equity III require their investments to follow good governance practices in accordance with the target fund's ESG policy.

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 the targets in which the fund can invest are covered by the environmental objectives of the Taxonomy Regulation. Reported data 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 alignment with the Taxonomy Regulation will improve as the reporting and regulation evolve.

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.

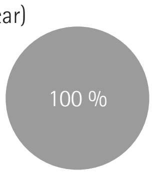
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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.

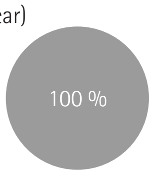
1. Taxonomy-alignment of investments **including sovereign bonds***

- Taxonomy-aligned (no fossil gas & nuclear)
- Other investments



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

- Taxonomy-aligned (no fossil gas & nuclear)
- Other investments



*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 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/alternative-investment-funds