SUMMARY OF STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

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Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant East Capital Asset Management (LEI:21380076GF79IHJFGS03) and East Capital Financial Services (LEI:549300FI05DYHTJ4QM91).

Summary

East Capital Asset Management (LEI:21380076GF79IHJFGS03) and East Capital Financial Services (LEI:549300FI05DYHTJ4QM91), consider principal adverse impacts of their investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of East Capital Asset Management (ECAM) and East Capital Financial Services (ECFS) hereinafter refered to as “East Capital Group”, “we”, “us”.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023. We consider the mandatory and two voluntary principal adverse impact indicators on entity level by analyzing principal adverse sustainability indicators on investee and on an aggregated portfolio level. The assessment of the principal adverse impacts on sustainability factors is further described in East Capital Group’s ESG policy. Principal adverse impact indicators are considered in the ESG integration process and may influence active ownership practices, including but not limited to, engagements, voting instructions in shareholders’ general meetings where applicable as described in East Capital Group’s ESG Policy (Active Ownership- Voting and Engagement section). It should be noted that despite significant improvements over the last few years, the quality and availability of reported data relating to principle adverse impacts remain limited and constrain our ability to undertake quantitative and qualitative analysis of principal adverse impacts. This issue is exacerbated for smaller companies, companies located and/or operating outside of the European Union, and companies in emerging and frontier markets, which represent a significant part of our investment universe. We strive to bridge quantitative data gaps through direct (individual or collaborative) engagement with issuers, publicly advocating for enhanced and consistent disclosures, as well as using specialist data providers, and actively participating in industry initiatives. Comparing 2022 to 2023, we observe that increased data coverage has significantly impacted the reported PAI indicators for 2023. Therefore, we advise exercising caution when comparing the two years, as variations in data quality and coverage may play a substantial role in these differences.

Description of the principal adverse impacts on sustainability factors

The mandatory indicators defined by the Sustainable Finance Disclosure Regulation, outlined in Table 1, must be considered to ensure that adverse impact on key sustainability factors is taken into consideration. For each indicator, and subject to aforementioned limitations in data quality and availability, we have included a narrative to describe actions taken and action planned, and targets set for the next reference period to avoid and/or reduce principal adverse impacts, where applicable. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023. This information is reported on an annual basis on 30 June.

Table 1 Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	2424,82 tCO2e	2836,14 tCO2e	Scope 1 includes greenhouse gas emissions that occur within the company's own operations, such as production in company-owned factories. These emissions are calculated using formula (1) as outlined in Appendix 1 The data coverage rate is 63,01% Data coverage 2022: 58,96%	We exclude fossil fuels for our article 9 products and for a selected range of our article 8 products. We analyze and monitor our holdings' carbon footprints using internal and external frameworks and pursue active ownership practices to mitigate and reduce our portfolios' aggregated greenhouse gas emissions. One of our investment managers, appointed by the management company, has committed to the Net Zero Asset Managers initative, to support the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celcius and to support
		Scope 2 GHG emissions	1570,37 tCO2e	2038,87 tCO2e	Scope 2 includes the company's indirect greenhouse gas emissions from the production of purchased electricity, steam, heat, and cooling consumed by the company. Refer to formula (1) for this indicator in Appendix 1.	

					The data coverage rate is 62,97% Data coverage 2022: 58,96%	investing aligned with net zero emissions by 2050 or sooner. While all our portfolios strive to make investments that are sustainable or have environmental and/or social characteristics, most of the data points for 2023 have been influenced by the increased data coverage compared to last year. This means that the overall results for the entity are significantly impacted by the enhanced reporting data, despite no major changes to the portfolios themselves. Important note: The wrong data point was used in the previous reporting period for PAI 2 and PAI 3. PAI 2 has been corrected and data for PAI 3 has been collected and is now presented in the report.
		Scope 3 GHG emissions	20446,01 tCO2e	21541,84 tCO2e	Scope 3 includes all other indirect greenhouse gas emissions that occur in a company's value chain but are not owned or directly controlled by the company. This includes, for example, emissions from purchased materials or emissions from the use of the products the company sells. Therefore, Scope 3 is largely based on estimates. Calculations are done using formula (1) as outlined in Appendix 1. The data coverage rate is 62,24% Data coverage 2022: 59,13%	
		Total GHG emissions	24151,75 tCO2e	26416,84 tCO2e	Total emissions for Scope 1 + Scope 2 + Scope 3 The data coverage rate is 62,24% Data coverage 2022: 59,13%	
	2. Carbon footprint	Carbon footprint	310,05 tCO2e	324,61 tCO2e	Calculated using formula (2) as outlined in Appendix 1. The data coverage rate is 62,24% Data coverage 2022: 59,13%	

	3. GHG intensity of investee companies	GHG intensity of investee companies	456,39 tCO2e/mEUR	472,07 tCO2e/mEUR	Calculated using formula (3) as outlined in Appendix 1. The data coverage rate is 80% Data coverage 2022: 59,13%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1,2%	0,8%	The data coverage rate is 78,5% Data coverage 2022: 73,97%	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	63,42% non-renewable energy consumption (1) 12,72% non-renewable energy production (2)	62,09% non-renewable energy consumption (1) 15,93% non-renewable energy production (2)	The data coverage rate is 41,42% (1) The data coverage rate is 19,8% (2) Data coverage 2022: 62,09% (1) Data coverage 2022:15,93% (2)	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Sector A (Agriculture, Forestry, and Fishing): 10.43 Sector B (Mining and Quarrying): 1.00 Sector C (Manufacturing): 20.88 Sector D (Electricity, Gas, Steam, and Air	Sector A (Agriculture, Forestry, and Fishing): 13.82 Sector B (Mining and Quarrying): 1.34 Sector C (Manufacturing): 93.37 Sector D (Electricity, Gas, Steam, and Air	The data coverage rate is 0% The data coverage rate is 0,84% The data coverage rate is 30,14% The data coverage rate is 1,41%	

			Conditioning Supply): 0.63 Sector E (Sewerage, Waste Management, and Remediation Activities): no data Sector F (Construction): 0.08 Sector G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles): 0.08 Sector H (Transportation and Storage): 1.74 Sector L (Real Estate Activities): 0.28	Conditioning Supply): 0.18 Sector E (Sewerage, Waste Management, and Remediation Activities): no data Sector F (Construction): 0.08 Sector G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles): 0.08 Sector H (Transportation and Storage): 1.57 Sector L (Real Estate Activities): 0.41	The data coverage rate is 0% The data coverage rate is 0,09% The data coverage rate is 2,48% The data coverage rate is 1,11% The data coverage rate is 1,78%	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1,89%	3,87%	Data is estimated based on whether the company has reported having operations in or near biologically sensitive areas and has been involved in controversies with serious or very serious environmental consequences.	Just as portfolio diversification reduces risk and uncertainty, biodiversity does the same for natural assets that all economies rely on for sustainable growth. As responsible long-term investors, we want to make a positive contribution towards the slowing down and eventual

					The data coverage rate is 78,05% Data coverage 2022: 74,19%	reversal of biodiversity loss. To achieve this, we undertake to integrate biodiversity loss considerations into our investment selection and stewardship activities through our nature framework, which consists of three main dimensions: i) integration of biodiversity risks into our investment analysis, including exclusion and negative screening in our portfolios ii) mobilizing stewardship efforts, and iii) engaging with wider stakeholders including regulators and governments. For more information, please refer to East Capital Group's ESG Policy. We note that the coverage seems to remain the same as the previous reporting period. We consider that our approach to invest in companies and sectors not leading to deforestation or else in companies with Deforestation policies in place (and encourage the high-risk companies which do not have a policy to do so) has been helpful in reducing the risk of exposure to companies with negative effects on biodiversity areas.

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1,92 t/mEUR	1,91 t/mEUR	The data coverage rate is 4,58% We note an extremly low data availability as previous year. The main negative consequence is therefore difficult to assess. Data coverage 2022: 11,34%	Risks and opportunities related to water are assessed in proprietary ESG integration tools across East Capital Group and also as an integrated part of the Do No Significant Harm test. We signed the CDP letter to governments for UN Water Conference 2023. The letter summarizes key policy asks before the UN Water Conference in March 2023, to ensure a planned and equitable transition to a water secure world by 2030. We responded to CDP Capital Markets consultation on how best to leverage the growing Forests & Water Security disclosure data into useful and beneficial tools and/or services for signatories. We are also an active participant of the CDP non-disclosure campaign which targets companies with request to fill in the water questionnaire.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1,07 t/mEUR	3,25t/mEUR	The data coverage rate is 59,24% Data coverage 2022: 30,88%	Risks and opportunities related to waste are assessed in proprietary ESG integration tools across East Capital Group and also as an integrated part of the Do No Significant Harm test.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0,27%	The data coverage rate is 78,05% Data coverage 2022: 74,19%	As part of the controversy (norms-based) screening, companies are assessed in terms of compliance with international norms, standards and underlying conventions. The controversy screening is intended to capture severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. The assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and their underlying conventions. Our article 9 strategies and selected article 8 strategies cannot hold companies in breach of international norms, standards and underlying conventions. A dialogue is initiated with the investee company in cases where there are solid grounds for arguing potential violations.

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	49,66%	29,52%	The data coverage rate is 75,65% Data coverage 2022: 42,32%	As part of the controversy (norms-based) screening, companies are assessed in terms of compliance with international norms, standards and underlying conventions. The controversy (norms-based) screening is intended to capture severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. The assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and their underlying conventions.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	16,79%	14,85%	The data coverage rate is 0,85% Data coverage 2022: 0,99%	Social issues at large are addressed in our proprietary analysis, including the gender pay gap when available. However, due to the current extremely low portfolio coverage, it is challenging to analyze these issues comprehensively. This difficulty is primarily because most companies do not disclose gender pay gap information, resulting in very low coverage. An engagement may be initiated with issuers should there be strong evidence and

						rationale in the analysis to do so.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	27,68%	26,39%	The data coverage rate is 81,52% Data coverage 2022: 75,77%	Board gender diversity of investee companies is addressed in our proprietary ESG analysis. An engagement may be initiated with issuers should there be strong evidence and rationale in the analysis to do so. We vote against board candidates to companies where the gender diversity is too low.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	The data coverage rate is 100 % Data coverage 2022: 74,19%	No investment shall be made in any company known to have exposure to controversial weapons (anti-personell mines, cluster munitions, chemical weapons and biological weapons) across all sub-funds within our group. Upon new investment, the investment teams shall ensure that the new holding is compliant with the exclusion criteria for the portfolio to which the new holding is added. Portfolios are quarterly reviewed to re-confirm compliance with the exclusion criteria.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environmental	15. GHG intensity	GHG intensity of investee countries	No data	No data	N/A	Our exposure to sovereigns and supranationals is minimal. We will improve our reporting ability in case the exposure would become significant.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	No data	No data	N/A	Our exposure to sovereigns and supranationals is minimal. We will improve our reporting ability in case the exposure would become significant.

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	0%	East Capital Real Estate is screening the tenants in the holding properties according to the their economic activity. Despite fossil fuels not being a strict exclusion for investing into an asset, it is not a preferred sector of tenant activity and considered when making an investment decistion Data coverage: 100% for both 2023 and 2022	Tenants are screened according to their economic activity. We tend to avoid properties with tenants involved in activities deriving revenues from fossil fuels.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	27%	52%	Share of investments in energy-inefficient real estate assets is calculated as per formula (5) above that means only real estate assets with EPC of A or B are considered as energy efficient and real estate assets with EPC of C or below are considered as energy in-efficient	East Capital Real Estate maps and regularly reviews the sustainability profile and energy efficiency of its property portfolio, including the Energy Performance Certificate coverage and levels. This is done by using the proprietary ESG scorecard as the main tool. Minimum energy performance levels are set to

					Real estate assets not required to abide by EPC and NZEB rules and not having an energy performance certificate as of the reporting date are excluded from the calculation. Data coverage: 100% for both 2023 and 2022	new acquisitions. In the existing portfolio, focus is turned to properties with lower energy efficiency, and investments are planned to increase it and recalculate the energy label. East Capital Real Estate has set to certify the portfolio (excluding for properties in divestment phase) with sustainability assessments such as BREEAM or LEED, which also contributes to reviewing and improving energy profile of the real estate assets.

Other indicators for principal adverse impacts on sustainability factors

In addition to the mandatory indicators presented in Table 1, we consider two additional indicators, one environmental and one social, presented in Table 2 and 3.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indciators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Water, waste and material emissions	15. Deforestation	Share of investments in companies without a policy to address deforestation	63,86%	49,45%	The data coverage rate is 75,47% Data coverage 2022: 63,68%	We acknowledge that forests contain some of the highest levels of biodiversity. There is also a clear link between deforestation and obstacles to achieve net zero, as there is no solution to climate change without a solution to deforestation. Integrating these risks is important as deforestation poses a systemic risk to the global economy hence to the finance sector. We signed up to the Financial Sector Commitment Letter on Eliminating Commodity-driven Deforestation, since then renamed FSDA (Financial Sector Deforestation Action). In 2022 we signed up to the IPDD (Investor Policy Dialogue on Deforestation), a collaborative investor initiative supported by the PRI which was set

						up in 2020 to engage with public agencies and industry associations in selected countries on the issue of deforestation. In 2022 we introduced the EDA (End Deforestation Action) across East Capital Group. Besides, we actively contribute to the CDP non-disclosure campaign every year where issuers are encouraged to report forest data. In 2023 we categorized holdings into high, medium and low deforestation risk, based on both their sector and geographic exposure and initiated an engagement with some selected companies on how they mitigate such risks. Additional active ownership efforts will be targeted at holdings where we have the most financial exposure and where we believe we have the most leverage and potential influence.

<u>Table 3</u>

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability impact	**Adverse impact on sustainability factors** **(qualitative or quantitative)**	**Metric**	**Impact 2023**	**Impact 2022**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**

Indicators applicable to investments in investee companies						
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	14,90%	14,59%	The data coverage rate is 74,4% Data coverage 2022: 64,77%	Social issues are included in the analysis through our proprietary ESG Scorecard including. Although we do not directly address the lack of a human rights policy in investee companies, we evaluate related factors, such as adherence to the UN Global Compact principles. An engagement with issuers may be initated should there be strong evidence and rationale in the analysis to do so.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Selection of indicators

East Capital Group's ESG policy highlights what ESG areas we as owners deem to be crucial to identify and prioritize when considering principal adverse impacts on sustainability factors. Environmental factors include but are not limited to physical and transition risks, water and resource scarcity and biodiversity loss. Social factors include but are not limited to labor practices, human rights and health & safety. Business practices include, among others, good corporate governance in respect to management structures, employee relations and tax compliance.

PAI assessment

We have adopted different measures to ensure that principal adverse impacts are taken into account and mitigated throughout each step of our investment process, referred to in East Capital Group's ESG policy. Measures such as negative screening, norms-based screening, ESG integration and active ownership practices tend to help mitigate principal adverse impacts. Avoiding certain investments based on sectors, and violations of recognized international norms, standards and underlying conventions, contributes to identifying and avoiding multiple principal adverse impacts.

Indicators for adverse impacts are included in our norms-based screening provided by an external service provider, in our Red Flag Analysis, and in our ESG proprietary analysis. The Red Flag analysis which is conducted pre-investment, consists of a set of questions which we deem to be crucial to consider for ensuring that investments do not cause significant harm. The questions are related to corporate governance, ethics, and corruption, and cover international norms and standards, as well as severe and/or systematic environmental or social controversies. We have introduced one question specifically addressing the Principal Adverse Impact (PAI) indicators, which are outlined in Annex I of Regulation (EU) 2019/2088. In order to assess PAI indicators, the investment teams use information – when available – from issuers and from external data providers that compare the PAI indicators for each company with a range of peer companies. These in-house assessments are primarily done by analysts and portfolio managers and may also be discussed and/or verified with our ESG function to ensure that PAI indicators are adequately considered. The key adverse indicators for the portfolio holdings are periodically reviewed, and any potential outliers will be identified and discussed. Given our market context, not all principal adverse impact indicators are available for each company, though we make best efforts in order to ensure there are no unacceptably high risks of causing significant harm. Our active ownership practices such as proxy voting and individual or collaborative company engagement may mitigate principal adverse indicators of our portfolio holdings. Outliers on indicator level with no sign of improvement over time may trigger a decision to divest and to make our ESG strategy more stringent in terms of criteria for sector exclusions, norms-based screening, and our active ownership practices.

Methodologies and margin of error

Primarily, we rely on the data from third party service providers. Reported data by investee companies may also be considered when available. The methodology to identify principal adverse indicators is subject to data availability and quality. However, we expect data availability and quality to improve over time.

Governance of policies

Responsible for design and implementation of the ESG policy is East Capital Group's Chief Sustainability Officer. Responsible for monitoring of implementation is the CEO of East Capital Holding, the holding company of East Capital Group. The Board of Directors of East Capital Holding is responsible for the annual review of the ESG policy. The policy is subject to yearly approval.

Data sources

We obtain PAI data primarily from external data sources. The data is used to analyze an investee company's absolute exposure and relative to its peers. Additional data sources may be used subject to data quality and availability.

Engagement policies

East Capital Group includes several investment managers, with a common set of ESG frameworks and practices that define our role as owners. We are long-term, we see beyond the short-term gain and look for long-term investment value. We are active, and believe that dialogue with companies helps us make better-informed investment decisions, hence we strive to constructively engage on issues that are important to us as owners. We are responsible: our research process addresses and integrates investment risks and opportunities associated with relevant and material environmental, social, and corporate governance factors. We consider good corporate governance as well as environmentally and socially responsible behavior as essential in managing a company with the aim of maximizing long-term shareholder value.

When we have identified relevant areas of improvement on specific ESG issues or if we believe that a portfolio company has not met our expectations as owners, we will evaluate if it is suitable for us as investors to initiate an engagement process where we seek to encourage and influence the company to make necessary improvements. Such expectations may include, but is not limited to principal adverse impact of our holdings. We aim to be constructive and supportive in our dialogue with the companies. Our experience has shown that engaging with the company, either directly or collectively with other owners, usually generates greater positive effects as opposed to immediately exiting our investment. If the company does not respond in an adequate manner or undertake the necessary changes, however, we may ultimately decide to divest our holding in the company.

We strive to maintain active relationships with relevant stakeholders such as market institutions, stock exchanges, NGOs, governmental and public bodies that may be helpful for keeping up to date with local legislation and market practice for improving the institutional framework. Engagement with stakeholders are logged and documented to quarterly investment committee and board meetings, and in annual reporting. We also support different forums and initiatives for promotion of good market practice, corporate governance, other responsible practices and other relevant topics that may be in the joint interest of our investors.

We apply a range of methods to address ESG issues in our portfolio companies:

- Face-to-face discussions with managements and boards in company visits
- Letters addressed to the management of our portfolio companies, highlighting key issues of concern including explicit requests for additional information
- Annual "CIO to CEO Letter" to portfolio holdings

- “Letter from your new shareholder” upon addition to portfolios
- Nomination or endorsement of independent board members
- Voting in shareholders’ meetings
- Dialogue with companies in conjunction with shareholders’ meetings
- Collaboration with other shareholders and investor-led initiatives
- Dialogue with governments, stock exchanges and financial surveillance authorities to advocate improvements in the institutional framework with the purpose of promoting more well-functioning and transparent capital markets
- Providing our clients with various forums for interaction with local portfolio companies

Please, refer to East Capital Group’s ESG Policy for more information on our engagement policy.

References to international standards

We deem it to be crucial for investee companies to comply with commonly accepted international norms and standards and underlying conventions. International norms and standards include, but is not limited to:

- UN Global Compact Principles
- OECD Guidelines for Multinational Enterprises Chapters
- UN Guiding principles on Business and Human Rights
- United Nations instruments
- International Labor Organization
- Other relevant instruments

One of the group’s investment managers has committed to the Net Zero Asset Managers Initiative (NZAM). NZAM initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. Through this commitment, the Investment Manager sets portfolio decarbonization targets by which there is a target to achieve a 50% reduction in weighted average carbon intensity by 2030. The Investment Manager will engage with companies that are not aligned to promote environmental characteristics within this topic. The alignment is assessed through a proprietary ESG analysis.

Historical comparison

Comparing 2022 and 2023 PAI Indicators

In our assessment of the Principal Adverse Impact (PAI) indicators between 2022 and 2023, we have identified several key factors contributing to the observed changes. The most significant influences include improved data coverage and quality, as well as the enhanced sustainability efforts of the companies we invest in.

Data Coverage and Quality:

The increased data coverage in 2023 has had a substantial impact on the reported PAI indicators. This improvement in data availability allows for more accurate and comprehensive reporting, which is crucial for evaluating our sustainability performance. It is important to exercise caution when comparing the two years, as the variations in data quality and coverage might play a significant role in the reported differences.

Sustainability Transparency:

The companies within our portfolios have made improvements in their sustainability practices much because of regulatory pressure and by asset managers, including ourselves, pushing for transparency. This has been a contributing factor to the improved PAI indicators for 2023. By promoting environmental and social characteristics such as encouraging companies to adopt and work with sustainability targets, we have seen tangible improvements in their sustainability metrics.

Portfolio Management:

Despite these improvements, it is important to note that no major changes were made to the portfolios themselves. The enhancements in PAI indicators are primarily attributed to better data and the increased sustainability efforts of our investees. Our ongoing commitment to active ownership and engaging with companies on key issues has also played a role in these advancements.

Corrected Data Points

It is also worth mentioning that we identified and corrected a data point error from the previous reporting period for PAI 2. Additionally, no previous data was collected for PAI 3, which has now been addressed.

Real Estate

Significant improvement mostly due to changing portfolio composition - we have acquired several new buildings in ECREIV during 2023 which all hold energy ratings A or B. Also, we have received an energy rating A+ for a property in Lithuania where we undertook roof repairs and insulation which increased energy efficiency. As explained in comments, only properties holding an energy rating have been included - energy ratings for older buildings before 2020 is not mandatory.

Summary

Overall, while the core of our portfolios remained stable, our diligent efforts in improving data accuracy and actively engaging with companies have contributed to better performance in the reported PAI indicators for 2023. This holistic approach underscores our commitment to sustainable investment and responsible asset management.

APPENDIX 1

In this statement, the following formulas, among others, apply:

1. Greenhouse gas emissions are calculated using the following formula:

$$\sum_i \left(\frac{\text{current value of the investment object}}{\text{enterprise value of the investment object}}\right) \times \text{Scope(x) greenhouse gas emissions of the investment object}$$

2. Carbon footprint is calculated using the following formula:

$$\sum_i \left(\frac{\text{current value of the investment object}}{\text{enterprise value of the investment object}}\right) \times \text{Scope 1, 2, and 3 greenhouse gas emissions of the investment object}$$

3. Greenhouse gas intensity of investment objects is calculated using the following formula

$$\sum_i \left(\frac{\text{current value of the investment object}}{\text{current value of all investments (million euro)}}\right) \times \text{Scope 1, 2, and 3 greenhouse gas emissions of the investment object}$$

4. Greenhouse gas intensity of states is calculated using the following formula:

$$\sum_i \left(\frac{\text{current value of all investments (million euro)}}{\text{gross domestic product (GDP) of the state}}\right) \times \text{Scope 1, 2, and 3 greenhouse gas emissions of the state}$$

Definitions:

Data Coverage Rate:

What is Data Coverage Rate?

The data coverage rate refers to the proportion of data that is available and used for reporting compared to the total data that ideally should be reported. It is a measure of how complete and comprehensive the data is for a given set of indicators.

What Should Data Coverage Rate Include?

1. *Reported Data:* This includes all the data directly reported by the companies or entities being assessed. This data is usually considered the most reliable as it comes straight from the source.

2. *Estimated Data:* When reported data is not available, estimates can be used to fill the gaps. These estimates can be based on industry averages, historical data, or other relevant methodologies to provide an approximation of the missing data.

3. *Sources of Data:* It should be clear whether the data comes from direct reporting by the companies, third-party data providers, or is estimated.

4. *Percentage of Coverage:* The report should indicate the percentage of data that is covered by reported data versus estimated data. This helps in understanding the reliability and accuracy of the data presented.