

This ESG report is own ESG reporting carried out by Evli about the Fund. The Article 8 and 9 Funds' sustainability information in accordance with EU Sustainable Finance Disclosure Regulation is reported as part of the Fund's Annual Review.

SFDR: Article 8

Responsibility score

AA

Carbon footprint

31
(t CO2e/\$M Sales)

UN Global Compact

fails

0.0%

ESG Approach

ESG integration

Exclusion

Active ownership

Engagement

Climate Change Principles

Exclusion

Controversial weapons manufacturers¹

Tobacco²

Adult entertainment²

Controversial lending²

Russia³

Exclusion Climate Change Principles

Thermal coal mining and gen. 10% revenue threshold

Oil sands extraction 10% revenue threshold

Energy peat producers

ESG strategy

The Fund follows Evli's Responsible Investment Principles. In the investment process, the portfolio manager assesses the company from an ESG perspective as part of the overall investment decision. In the ESG analysis, the portfolio manager seeks to identify the key ESG themes and risks concerning the company and its areas of operation which have the largest potential to be most relevant. The identification of key ESG themes and risks helps the portfolio manager to focus on the most relevant areas at the investment monitoring phase as well as in discussions with management.

Engagement activity

The Fund's portfolio manager and the Fund management team also 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 Nature Action 100.

Evli's Climate Change Principles

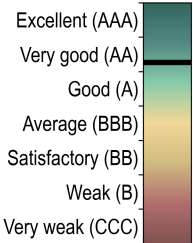
Evli's Climate Change Principles consist of four procedures: 1) analysis and monitoring of greenhouse gas emissions of investments, 2) exclusion, 3) engagement, and 4) reporting of climate risks following the TCFD's (www.fsb-tcfd.org/) recommendations. In addition to revenue restrictions, Evli does not finance new coal-fired power plants, coal mines or oil sands projects that are in the planning or construction stages. We may depart from this exclusion if company has a concrete plan to change its procedures and/or the company supports just transition. 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.

ESG Metrics

The Fund's responsibility scores are an assessment of the Fund's holdings from a responsibility perspective. The Fund's rating scale from best to worst is AAA, AA, A, BBB, BB, B and CCC. The ESG ratings distribution of the Fund's holdings are based on MSCI's analysis. MSCI is an independent ESG research provider offering a comprehensive global database. Evli has published ESG reports for its funds since 2017 and the development of a fund's responsibility scores shows how the Fund's overall ESG score and scores for environment, social and governance factors have progressed over time.

CURRENT RESPONSIBILITY SCORES

Overall Score	AA
Environment	BBB
Social	BBB
Governance	A
Coverage of the analysis (%)	72

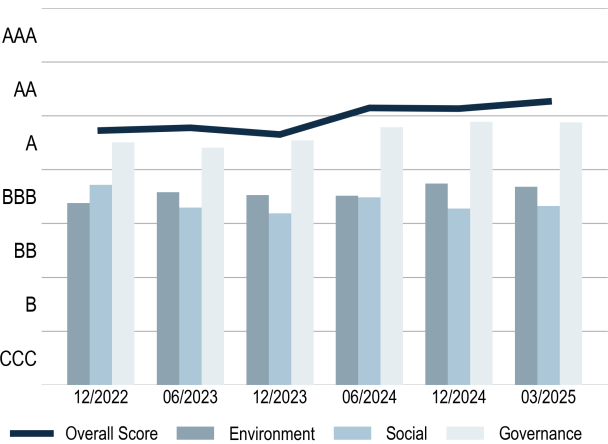


ESG means factors related to Environmental, Social and Governance issues.

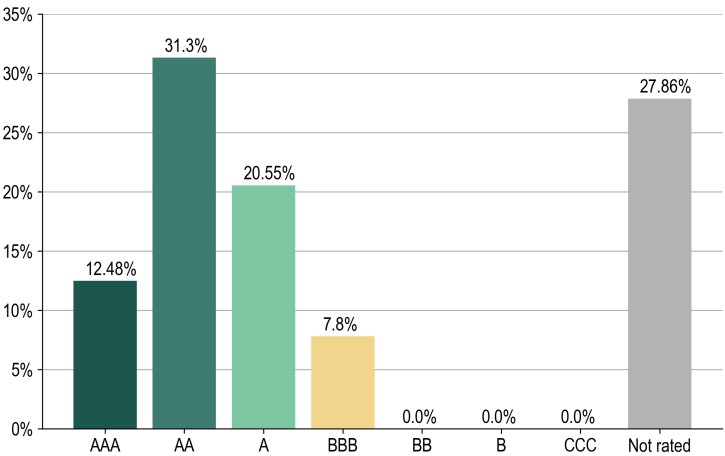
ESG rating: companies are analysed and measured by how well they manage key risks and opportunities arising from ESG factors. The assessment is done within the industry.

Fund's Responsibility scores: based on MSCI's methodology and taking into account the market value-weighted average of the fund's individual companies' ESG ratings.

DEVELOPMENT OF FUND'S RESPONSIBILITY SCORES



CURRENT ESG RATINGS DISTRIBUTION



¹ Controversial weapons (landmines, cluster munitions, incendiary weapons, laser-blinding weapons, nuclear weapons, depleted uranium, chemical weapons, biological weapons, non-detectable fragments) manufacturers with 0% revenue threshold

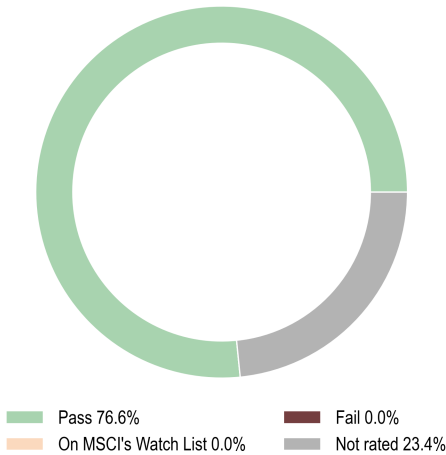
² Revenue threshold for the exclusion is 5%

³ Since 03/2022 Russian companies and the Russian state are excluded

Reputational Risk Metrics

The Fund's holdings are screened to determine the UN Global Compact's principles and the reputational risk according to MSCI's analysis. The UN Global Compact's principles require companies to respect human rights, to work against corruption and to take environmental issues into account. The reputational risk metrics reveal, if the Fund has investments in companies involved with very severe controversies.

UN GLOBAL COMPACT CLASSIFICATION



REPUTATIONAL RISK

	Fund
	%
Overall reputational risk	0.0
Environmental	0.0
Customer	0.0
Human rights	0.0
Labor	0.0
Governance	0.0
Coverage (%)	76.6

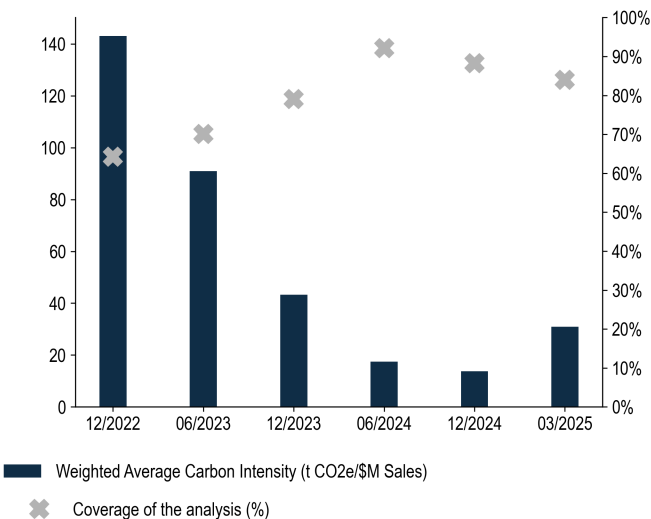
Climate Metrics

Mitigating climate change is important to Evli and, in addition to Evli's Responsible Investment Principles, Evli also has separate Climate Change Principles. The Fund's investments are regularly analysed with different indicators that are related to climate change. As an indicator of the carbon footprint, Evli uses the weighted average carbon intensity according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The weight of companies owning fossil fuel reserves shows the share of companies owning coal, gas or oil reserves in the portfolio. The Low Carbon Transition Category assigns a classification scheme to a company based on its exposure to low carbon transition risks and opportunities.

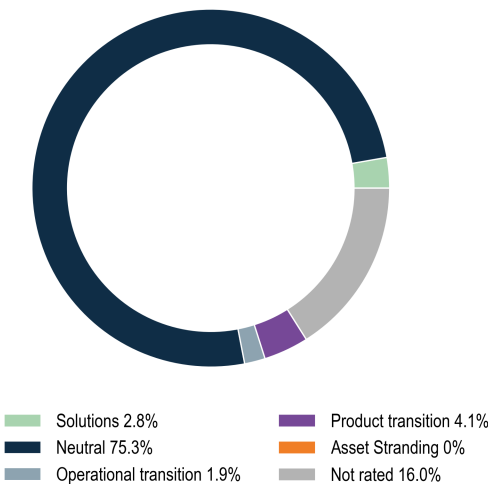
CARBON FOOTPRINT AND FOSSIL FUEL RESERVES

Weighted Average Carbon Intensity (t CO2e/\$M Sales)	30.9
Weight of companies owning fossil fuel reserves (%)	0.0
Coverage (%)	84.0

DEVELOPMENT OF CARBON FOOTPRINT



MSCI'S LOW CARBON TRANSITION CATEGORY



TOP 10 HOLDINGS	WEIGHT (%)	ESG RATING	ENVIRONMENT	SOCIAL	GOVERNANCE	UN GLOBAL COMPACT
Lagercrantz Group AB	5.78	A	BB	BB	AA	Pass
HARVIA OYJ	4.84	AA	B	BB	AA	Pass
Modern Times Group MTG AB	4.39	A	AAA	BB	AA	Pass
Ringkjoebing Landbobank A/S	4.38	AA	BBB	BBB	AA	Pass
OEM International AB	4.1	A	BB	AA	A	Pass
AAK AB	4.06	AAA	BBB	A	A	Pass
Matas A/S	4.02	AA	A	BBB	AA	Pass
Tobii Dynavox AB	3.95	-	-	-	-	-
Ambea AB	3.91	-	-	-	-	Pass
Loomis AB	3.7	BBB	AAA	BB	A	Pass

TOP 10 HOLDINGS	WEIGHT (%)	CARBON EMISSIONS SCOPE 1+2 INTENSITY (T/\$M SALES)	FOSSIL FUEL RESERVES	MSCI'S LOW CARBON TRANSITION CATEGORY
Lagercrantz Group AB	5.78	7.38	-	Neutral
HARVIA OYJ	4.84	10.48	-	Neutral
Modern Times Group MTG AB	4.39	0.59	-	Neutral
Ringkjoebing Landbobank A/S	4.38	0.27	-	Neutral
OEM International AB	4.1	3.26	-	Neutral
AAK AB	4.06	65.96	-	Product Transition
Matas A/S	4.02	2.25	-	Neutral
Tobii Dynavox AB	3.95	7.6	-	Neutral
Ambea AB	3.91	4.63	-	Neutral
Loomis AB	3.7	53.22	-	Neutral

ISIN codes in scope by this report

Evli Nordic Small Cap A	FI4000532510
Evli Nordic Small Cap B	FI4000532528
Evli Nordic Small Cap IB	FI4000532536

More information of Evli's Responsible Investing practices:

[Responsible Investing website >](#)

[Principles for Responsible Investment >](#)

[Climate Change Principles >](#)

[Climate Targets >](#)

[Engagement policy >](#)

[Biodiversity roadmap >](#)

[Responsible Investment Annual Review 2023 >](#)

[Latest news and insights >](#)



The Fund's ESG report - Reading guidelines

The Fund's ESG report assesses the Fund's portfolio holdings from a responsibility perspective. Responsibility or ESG (Environmental, Social, Governance) factors are a subset of non-financial performance indicators which include environmental, social and governance issues. The ESG report is based on MSCI's database. MSCI is an independent ESG research provider offering a comprehensive global database for analysing equity and corporate bond investments from an ESG perspective.

SFDR

Sustainable Disclosure Regulation (SFDR) Article 6 funds may take sustainability risks into account, but do not promote environmental and/or social characteristics and do not have an objective to make sustainable investments, Article 8 funds promote environmental and/or social characteristics in addition to other characteristics and Article 9 funds investment objective is to make sustainable investments. More information on funds' sustainability characteristics in accordance with SFDR is available in the fund prospectus and fund-specific website.

Fund's Responsibility Scores

The Fund's responsibility scores are based on MSCI's methodology. In MSCI's methodology, the companies are evaluated within each industry and, because of this, the fund-specific responsibility score may not increase, even if individual companies would become more responsible. The Fund's responsibility score takes into account the market value-weighted average of the Fund's individual companies' ESG ratings. If a company does not have a rating in MSCI's database, it is not taken into account when calculating the Fund's responsibility rating. The fund-specific rating scale from best to worst is AAA, AA, A, BBB, B and CCC, where BBB is the middle grade. The higher the score, the more successful the portfolio companies have been, on average, in managing the key risks and opportunities arising from ESG factors compared to their respective industry. The report uses the following verbal interpretation of the rating scale: CCC – very weak, B – weak, BB – satisfactory, BBB – average, A – good, AA – very good, and AAA – excellent. In addition to the overall ESG rating, the Fund is assessed separately based on environmental, social and governance issues. These pillar scores are calculated before industry normalisation, i.e. they are not industry-adjusted. Therefore, the Fund's ESG rating is not an average of the environmental, social and governance pillar scores.

Companies' ESG Ratings

MSCI assesses companies within each industry based on environmental, social and governance factors. First, MSCI identifies the most material, industry-specific ESG risks and opportunities. Next, it evaluates the actions that the individual companies have taken to manage these risks and to exploit the opportunities. Finally, MSCI normalises the companies within every industry so that the best company gets a AAA grade and the worst a CCC grade. The grades of the remaining companies are based on the degree to which the individual companies' scores differ from those of their industry peers. In other words, the companies' ESG ratings are produced using a so-called best-in-class approach, in which companies are compared globally within each industry. MSCI's industry classification is based on the GICS (Global Industry Classification Standard) taxonomy. MSCI's database has ESG ratings for roughly 13 900 issuers. The companies that are not covered by MSCI's ESG analysis are classified as 'Not rated' in the Fund's ESG report.

Reputational Risk Metrics

The Fund's holdings are screened based on MSCI's analysis to determine the companies' reputational risks with the UN Global Compact's principles and other very severe controversies. The UN Global Compact assessment is based on how severe and systematic each controversy turns out to be. It has a four-point scale; 'Pass', 'on MSCI's Watch List', 'Fail', and 'Not rated', with the last one meaning that the company is not covered in MSCI's norm screening. Reputational Risk represents the percentage of a portfolio's market value coming from holdings involved in very severe controversial events. UN Global Compact fails are also always shown in this table, but not all of the companies in this table are UN Global Compact violators. The portfolio level reputational risk is categorized as Very Low (0%), Low (>0% to <1%), Moderate (1% to <5%), High (5% to <10%), and Very High (>=10%). The MSCI ESG Controversies and norm violations analysis covers roughly 14 500 issuers globally.

The UN Global Compact principles: the UN Global Compact has ten principles, which are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Carbon footprint

Evli uses weighted average carbon intensity to measure the carbon footprint according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD, <https://www.fsb-tcf.org/>). The Fund's weighted average carbon intensity is calculated by dividing the company-specific scope 1 and scope 2 greenhouse gas emissions by the company's revenues. Then, the company-specific carbon intensity is multiplied by the company's portfolio weight. The fund-specific carbon footprint is the sum of company-specific carbon intensities apportioned based on portfolio weights. Scope 1 greenhouse gas emissions refer to emissions directly occurring from sources that are owned or controlled by the company. Scope 2 greenhouse gas emissions refer to indirect emissions generated in the production of electricity purchased by the company. According to MSCI's analysis, the weighted average carbon intensity is categorized as Very Low (0 to <15), Low (15 to <70), Moderate (70 to <250), High (250 to <525), and Very High (>=525).

Weight of Companies Owning Fossil Fuel Reserves

The weight of companies owning fossil fuel reserves shows the share of companies owning coal, gas or oil reserves in the portfolio. In this report coal reserves refer to the use of coal in energy production (thermal coal). Owning fossil fuel reserves means that the company owns reserves in which fossil fuels can be mined or extracted.

MSCI's Low Carbon Transition Category

This MSCI classification scheme assigns a Low Carbon Transition Category to a company based on its exposure to low carbon transition risks and opportunities, and how the company manages these risks and exploits the opportunities. The category assignment is based on the size and nature of the company's current emissions profile and can be adjusted if the company's Low Carbon Transition Management Score is in the top or second quartile of its peer set. The categories are: Solutions, Neutral, Product Transition, Operational Transition and Asset Stranding. The solutions category means that, according to MSCI's analysis, the companies in this category have the potential to benefit through the growth of low-carbon products and services. In the Neutral category, the companies have a limited exposure to the carbon risk from the low carbon transition. However, companies in this category could have exposure to physical risk (extreme climate events) and/or indirect exposure to low carbon transition risk via lending, investment, etc. In the product transition category, the companies have a reduced demand for carbon-intensive products and services. Leaders and laggards in this category are defined by the ability to shift their product portfolio to low-carbon products. Companies in the Operational Transition category have increased operational and/or capital costs due to carbon taxes and/or investment in carbon emission mitigation measures, thus leading to lower profitability for the companies. Companies in the Asset Stranding category have the potential to experience a "stranding" of physical / natural assets due to regulatory, market, or technological forces arising from low carbon transition.

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