

Responsibility score	AA
UN Global Compact fails	0%

Fund carbon footprint	100 <small>(t CO2e/\$M Sales)</small>
Benchmark index carbon footprint	168 <small>(t CO2e/\$M Sales)</small>

#### 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. 10% revenue threshold  
Energy peat producers

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

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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.

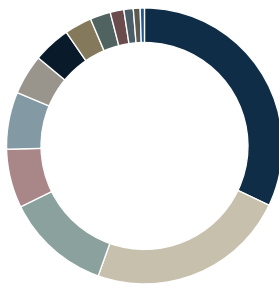
### Engagement activity

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 Nature Action 100.

### Evli's Climate Change Principles

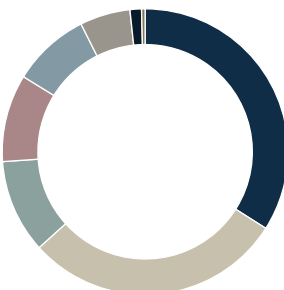
Evli's Climate Change Principles consist of four procedures: 1) analysis and monitoring of greenhouse gas emissions of investments, 2) exclusion, 3) engagement, and 4) reporting of climate risks following the TCFD's (4) recommendations. In addition to revenue restrictions, Evli does not finance new coal-fired 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 (5). 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, 32.1%
- Utility, 23.4%
- Real Estate, 12.3%
- Basic Industry, 6.9%
- Automotive, 6.7%
- Telecommunications, 4.7%
- Capital Goods, 4.4%
- Transportation, 3.2%
- Financial Services, 2.4%
- Insurance, 1.6%
- Consumer Goods, 1.1%
- Services, 0.8%
- Retail, 0.5%

### Breakdown by use of proceeds category(6)



- Renewable energy, 34.0%
- Green buildings, 29.3%
- Clean transportation, 10.6%
- Energy efficiency, 9.9%
- Sustainable natural resources management and land use, 8.8%
- Circular economy and eco-efficient products and processes, 5.7%
- Pollution prevention and control, 1.3%
- Sustainable water and wastewater management, 0.4%

### ESG highlights



100%

green corporate bonds



86%

of portfolio companies report on climate-related risks and opportunities in accordance with TCFD recommendations(7)

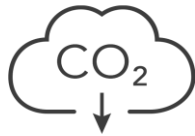


56%

of portfolio companies have committed to or set science-based emissions reduction targets(8)

### Impact snapshot

The following figures illustrate the outputs and impact of the projects financed by the bonds in our portfolio(9):



71,600

tonnes of CO2 avoided

Equivalent to CO2 emissions from 12,600 homes' electricity use for one year(10)



107,000

MWh/year of renewable energy generated

Equivalent to 21 wind turbines running for a year(10)



216,700

MWh/year of energy savings

Equivalent to energy use of 19,400 homes for one year (10)



1,000

sqm of green buildings by floor area



6,830,000

m3/year of water saved



22

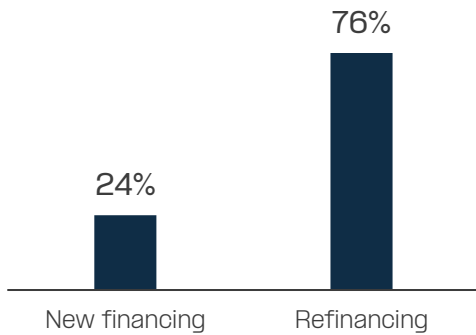
MW of renewable capacity added



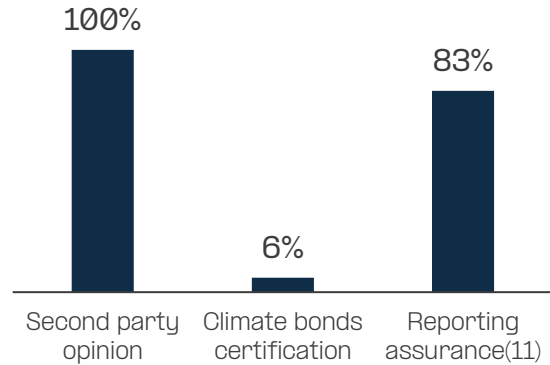
1,300

hectares of certified forest

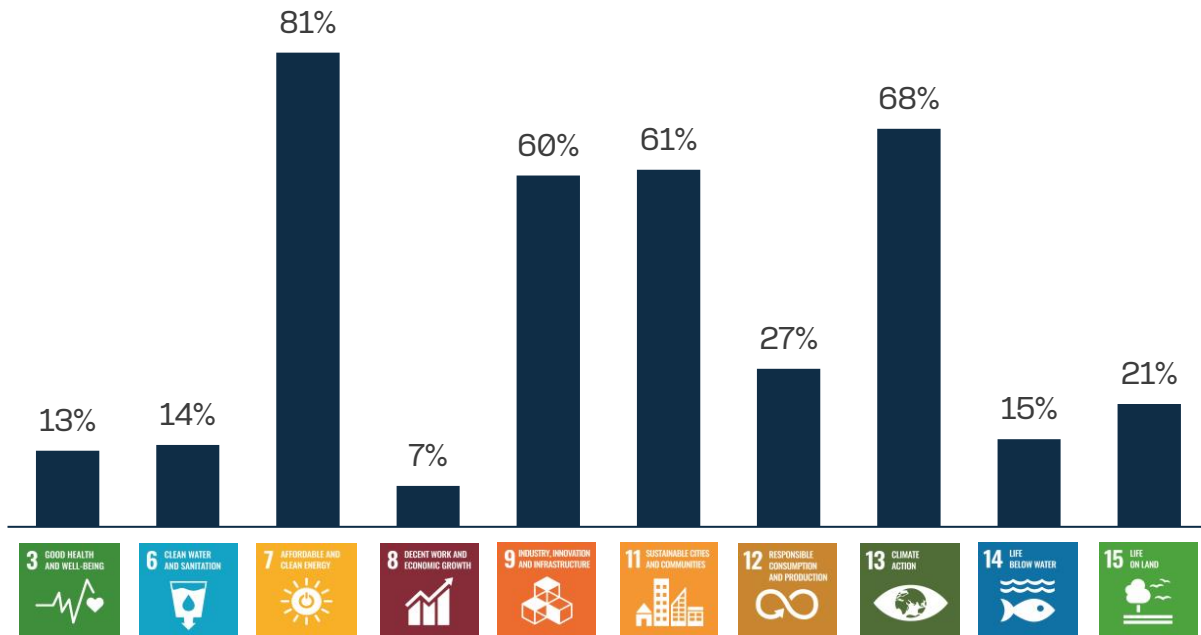
### Allocation of proceeds between new and existing projects



### 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: E.ON SE

#### Issuer profile

E.ON is one of Europe's largest operators of energy networks and energy infrastructure and a provider of innovative customer solutions. The company's operations are energy networks and customer solutions. E.ON operates through two segments: Customer Solutions (over 60% of sales) and Energy Networks (about 20% of sales). E.ON is committed to become carbon-neutral by 2040. In addition, E.ON's sustainability efforts are focused on expanding and modernizing distribution networks to ensure the most efficient use of green electricity and to help customers meet their energy needs and decarbonization goals through E.ON's offering of green energy solutions.

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

#### Alignment with SDGs:



#### Eligible projects

In 2022, the proceeds from E.ON's green bond financing were allocated to electricity distribution infrastructure, renewable energy production and storage units, integrated on-site business and city energy solutions and EV charging stations.(12)

#### Eligible projects in figures

8.87 GW connected renewable capacity added  
2,946 GWh heat delivered to customers  
5,196 EV charging points installed

#### Eligible projects' impact

**83,191,000**  
tonnes of CO2e emissions avoided in 2022

### Green bond example: Telefónica S.A.

#### Issuer profile

Telefónica SA operates as a telecommunications company. The company offers fixed and mobile telephone, broadband and subscription television services, as well as provides cybersecurity, IOT, big data and cloud solutions. The group's sustainability priorities focus on achieving net-zero emissions, 100% renewable energy use and zero waste. In addition, the group aims to decarbonise the economy, connect under-served economies to the digital world and uphold the highest ethical standards based on its' responsible business principles.

**Use of proceeds:** Energy efficiency(13)

#### Alignment with SDGs:



#### Eligible projects

In 2022, the proceeds of the bonds were allocated to the modernization of telecommunications networks via the deployment of new high-speed technology (5G), including supporting infrastructures and software to improve the energy efficiency of the networks.(13)

#### Eligible projects in figures

5G has a potential to be 10-20 times more energy efficient than older technologies by 2025-2030.(14)

#### Eligible projects' impact

184 GWh energy savings in 2022  
54,171 tonnes of CO2 emissions avoided in 2022

### Methodology

#### Footnotes:

- (1) Companies manufacturing controversial weapons (landmines, cluster munitions, incendiary weapons, laser-blinding weapons, nuclear weapons, depleted uranium, chemical weapons, biological weapons, non-detectable fragments) with 0% revenue threshold.
- (2) Revenue threshold for the exclusion is 5%.
- (3) Since 03/2022 Russian companies and the Russian state are excluded.
- (4) See <https://www.fsb-tcfd.org/>
- (5) Available at <https://www.evli.com/en/responsibility/responsible-investing>
- (6) Based on the International Capital Markets Association's Green Bond Principles.
- (7) 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. NB: In late 2023, the responsibility for overseeing the progress of companies' climate-related disclosures was transferred to IFRS Foundation.
- (8) A science-based emissions reduction target refers to an emissions reduction target 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.
- (9) Attributed to the fund in proportion to the size of the fund's share of each issuance (holdings as of December 31, 2023).
- (10) United States Environmental Protection Agency: Greenhouse Gas Equivalencies Calculator.
- (11) As of December 31, 2023, allocation and impact report was available for 143 out of 169 bonds in the portfolio.
- (12) E.ON Green Bond Report 2022
- (13) Telefonica Green Bond Report 2022
- (14) Sustainalytics Second Party Opinion 2023

#### 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 2023 and thus represent outputs and impact generated in 2022.

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 framework 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, 2023, allocation and impact report was available for 143 (out of 169) bonds in our fund representing 84.6% of the portfolio weight. This is attributable to the fact that 14.8% of the bonds in the fund were issued during 2023. For those bonds the first allocation and impact reports can be expected to be published in 2024. The remaining allocation and impact reports for bonds issued prior to 2023 can also be expected to be published in 2024.

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 or it may be very low 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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