

**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, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Evli Private Capital Fund I Ky

Legal entity identifier: 3398668-9

## 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 product?

This financial product promotes environmental and social characteristics. Responsibility factors are integrated into the investment process and its various stages, from identification of investment assets to analysis, investment decision, holding period and exit.

The fund promotes climate work and climate change mitigation as part of the promotion of environmental characteristics by excluding certain sectors and by engaging with target companies by exercising active ownership, for example. The aim is to support all target companies in both emission accounting and emission reduction targets. As an owner, the Fund aims to improve the efficiency of the operations of each target company so that carbon dioxide emissions are annually reduced per unit produced.

The fund will draw up a sustainability plan with each target company with a view to finding the most suitable ESG (Environmental, Social and Governance) strategy for each target company. Once the strategy is complete, the Board of the target company will define a set of sustainability indicators together with the company and its management as a part of the implementation of the strategy. The indicators are always company-specific and may include measures for monitoring biodiversity, climate change, personnel satisfaction, occupational safety and diversity, the quality of the company's products or services, its energy and materials efficiency, and the company's financial management, tax footprint and the diversity of its decision-makers. As owners, we aim to ensure that every target company monitors and reports its sustainability indicators and, if necessary, changes direction.

In addition to its own principles for responsible investment, the Fund complies with Evli's general Principles for Responsible Investment. 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.

No benchmark has been designated for the Fund to measure the achievement of the environmental and social characteristics.

### 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 environmental and social characteristics promoted by this financial product are monitored and reported using the following sustainability indicators and they are the share of investments that have:

- 1) a sustainability plan, known as an ESG strategy, specific to the target company;
- 2) a Code of Conduct; and
- 3) specified emission reduction targets.

The Fund reports annually on target companies' sustainability indicators to investors.

*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 makes significant equity and equity-linked minority investments in unlisted target companies that are active in the disruptive energy, resource efficiency and circular economy sectors in Finland and other Nordic countries. The focus will be on top-quality companies benefiting from sustainability megatrends and in need of support to enable or accelerate their growth potential. The companies are expected to have already proven their viability and be profitable. The Fund aims to diversify its investments in around 5–8 target companies.

- **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?**

Before investing, the Fund will conduct an ESG assessment as part of the due diligence process, which will identify the target company's current level of ESG management and its intentions, as well as the principal ESG risks and opportunities and their impact on the company's performance.

The target company's ESG obligations are entered in shareholder agreements. The Fund requires companies to commit to improving good governance and responsible practices as part of their value creation.

The Fund's goal is active ownership through significant minority holding. The prerequisite is always to gain at least one board seat in the target company to allow for regular engagement.

The funds managed by Evli Fund Management Company comply with Evli Group's general Principles for Responsible Investment and Evli's general exclusion principles, which define the basic standards for norm-based screening and exclusion of companies. In accordance with Evli's general exclusion principles, manufacturers of controversial weapons, as well as tobacco manufacturers and producers of adult entertainment and companies involved in controversial lending (including so called payday loan companies) are excluded from the Fund. In line with Evli's Climate Change Principles, the Fund monitors the greenhouse gas emissions of its investments and avoids investing in companies which carry out thermal coal mining, use thermal coal in energy production or carry out oil sands extraction. 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: [Principles for Responsible Investment for direct equity invests and funds](#)  
[Evli Wealth Management's Principles for Responsible Investment](#)

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

The assessment of governance quality ensures that the target companies comply with good governance practices, such as the multinational guidelines and guiding principles, as well as the laws and regulations of the countries where they operate. The assessment considers governance and business ethics, human resources, competitive behavior, bribery and corruption and compliance with tax laws, for example.

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



## What is the asset allocation planned for this financial product?

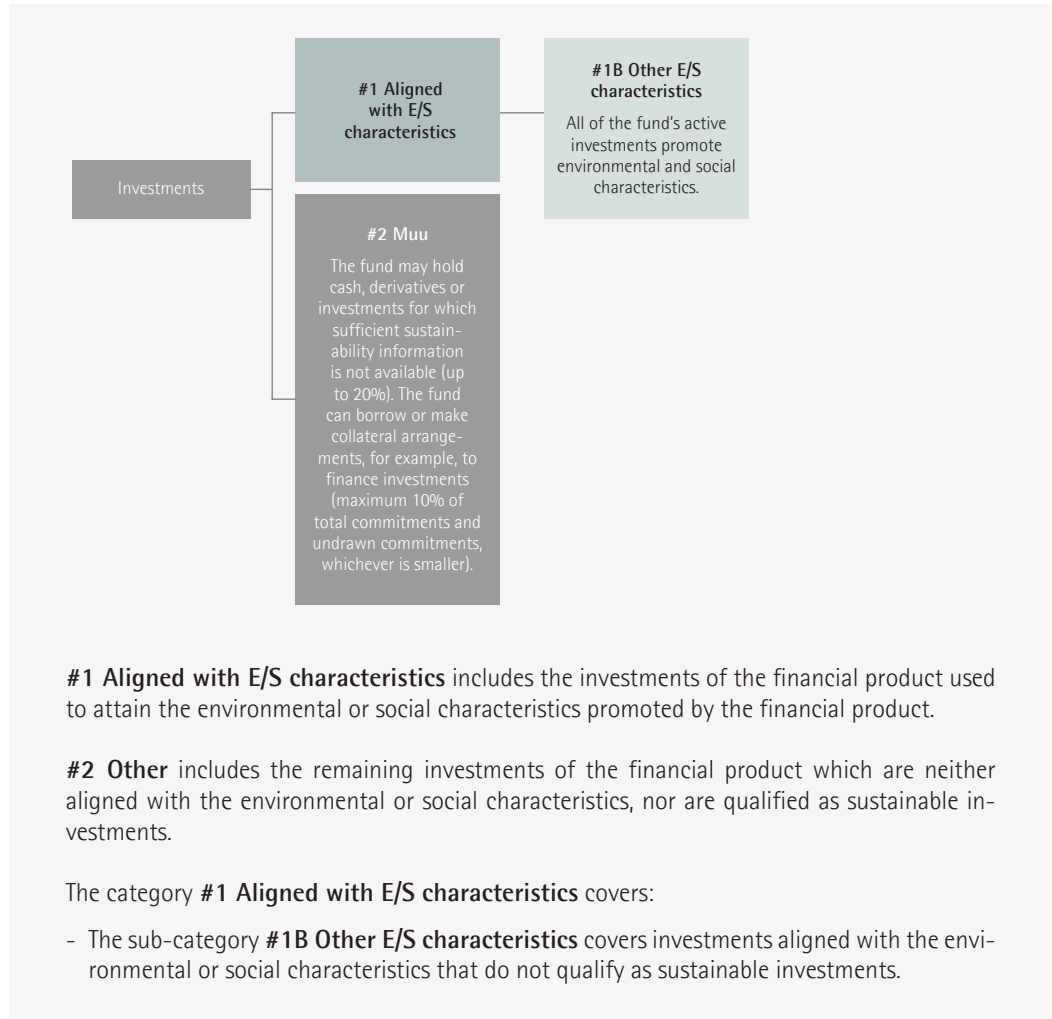
### Asset allocation

describes the share of investments in specific assets.

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.



## To what minimum extent are sustainable investments with an environmental objective 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<sup>1</sup>?

- Yes:
- In fossil gas       In nuclear energy
- No

<sup>1</sup> 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.

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.

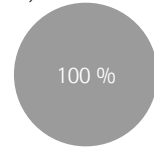
1. Taxonomy-alignment of investments **including sovereign bonds\***

- 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 hold cash, derivatives or investments for which insufficient sustainability data is available (up to 20%). The Fund may borrow or provide guarantees, to finance investments (up to 10% of total commitments and non-drawn commitments, whichever is lower). 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/funds>