

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 Private Equity Co-investment Fund I Ky

Legal entity identifier: 3502424-8

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

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 ____% 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 and the target companies during the investment period, excluding certain sectors, and engaging with fund managers through active dialogue. The fund also uses the tools described below to promote these characteristics:

Co-investments: The Fund's main form of investment is co-investments, i.e., direct minority investments in the target company, which are managed by a private equity fund manager. When the Fund co-invests in a target company managed by a fund manager, the efforts to promote environmental and/or social characteristics are carried out by engaging the fund manager that is managing the investment in the target company. Before investing, the ESG (Environmental, Social, Governance) risks and opportunities of the target company are assessed on the basis of a report prepared by the fund manager managing the target company. The level of ESG governance of the fund manager is also assessed. In addition to the report prepared by the fund manager, the fund may collect information on the ESG characteristics of the target company as far as it is available from other sources and investigates the industry of the target company from an ESG perspective.

ESG integration: The fund complies with Evli's Principles for Responsible Investment and the fund's own responsible investment principles. The fund's approach to ESG integration is driven by a need to understand key ESG questions from the perspective of the target company and how the fund manager takes ESG matters into account at different stages of the investment process. Before making an investment, the principal objective is to understand the primary ESG risks and opportunities of the target company and the current level of ESG management of the fund manager of the target company. The Fund requires all fund managers of the target companies to set their own ESG policy and to commit to responsible investment practices, as this will also be

1

reflected in the selection criteria set by the fund manager for the target companies and in any engagement of the fund manager in the target companies. The Fund encourages the fund managers of target companies to incorporate sustainability factors into the various areas of their operations. The Fund will not make a commitment to a target company that has significant ESG risks or issues that the fund manager does not seek to correct or cannot correct, or if the target company is managed by a fund manager 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).

Climate change mitigation: In addition, the Fund encourages fund managers to report climate data about the target companies and set their own climate targets for the target companies. The minimum requirement in investment decisions is that the fund manager has an ESG policy and that the target company is not on Evli's list of excluded industries. Evli's goal is to achieve carbon neutrality by 2050 at the latest, and it has set an interim target of a 50% 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 companies to incorporate sustainability factors into the various areas of their operations. During the investment period, the portfolio managers regularly monitor and assess the ESG practices and performance of the target companies and fund managers on the basis of ESG reports by the fund managers and engage in active cooperation with the aim of reducing the likelihood of sustainability risks materializing.

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, manufacture of controversial weapons, and peat production. The fund also does not invest in target companies that are guilty of child labor and corruption, for example, and do not intend to correct this.

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 metric used to measure the attainment of the environmental or social characteristics promoted by the Fund is the proportion of commitments to target companies that have an ESG strategy, a code of conduct and have set emission reduction targets.

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, anticorruption and bribery matters.

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

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 alongside first-class fund managers that primarily make buyout investments, i.e. majority investments in unlisted established companies. The Fund aims for good strategy-specific, fund-manager-specific, geographic, industry and temporal diversification. The Fund aims to diversify its investments in around 10–20 target companies. In the target company selection process, special attention is paid to the continuity of the fund manager's investment strategy and their ability to perform well throughout the economic cycles. At least 50% of the Fund's investments promote environmental and social characteristics and the ESG characteristics and requirements for investments described below are taken into account when implementing the investment strategy.

- **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 target companies whose fund managers do not have their own ESG policy and are not committed to responsible investment practices. When deciding upon new investments, investing is avoided in industries that Evli has excluded. Before making a commitment to a target fund, the fund will carry out a separate ESG assessment of the target fund's 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, 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. The fund also does not invest in target companies that are guilty of child labor and corruption and do not intend to correct this. 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 at <https://www.evli.com/en/responsibility/responsible-investing>

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

The Fund requires the managers of the target companies to assess and promote good governance practices of the target companies. An assessment of the quality of corporate governance and developing good governance practices is an integral part of the assessment of the fund's potential investments. The governance assessment deals with four aspects of the corporate governance of the business activities of the target company 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. The Fund is dependent on the information received from the fund manager about the target companies and reporting practices may vary from one fund manager to another.

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

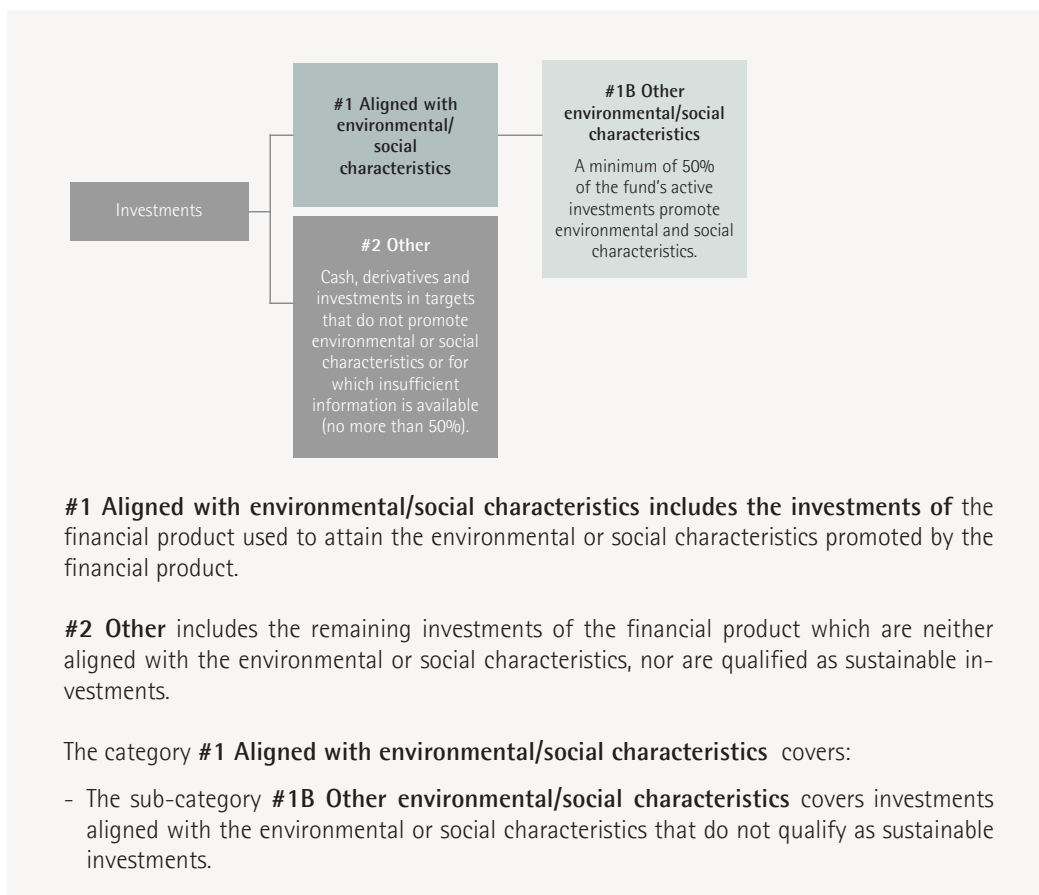


What is the asset allocation planned for this financial product?

The Fund is committed to having a minimum of 50% of its active investments promote environmental and social characteristics. In addition, the Fund may have other investments that do not have environmental or social characteristics.

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 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.



To what 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.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

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

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.

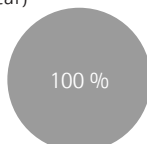
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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.

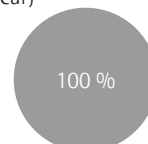
1. Taxonomy-alignment of investments **including sovereign bonds***

- 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. In addition, the fund may invest in other targets that do not promote environmental or social characteristics. 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://evli.com/en/products-and-services/funds/alternative-investment-funds>