



Corporate Responsibility Report 2020

EVLI BANK PLC



Responsibility at the core of Evli's strategy

Responsibility built on Evli's values and transparency

Evli's business is based on understanding its clients' needs. The company's primary responsibility is to increase its clients' wealth responsibly based on the clients' individual goals. Evli's client relationships are long and based on mutual trust and doing business that is ethically sustainable. Evli's business opportunities and the development of its operations depend not only on its clients' trust, but also the trust of its employees, owners, investors, co-operation partners and society. To maintain and strengthen this trust, Evli must be proactive, transparent, highly ethical and responsible in all of its operations. Responsibility is based on Evli's values: entrepreneurship, valuable relationships, integrity and continuous learning. These values also form the foundation for the ethical principles which direct the actions of Evli and its employees and which guide the company's relationship with its clients and other stakeholders.

Evli seeks to be a responsible member of society and is committed to taking into account both the direct and indirect environmental

impacts of its operations. Because corporate responsibility is part of Evli's everyday business operations, its annual report includes a corporate responsibility report. The responsibility section includes detailed information on how responsibility has been integrated into business operations and what indicators have been deemed essential for measuring Evli's responsibility.

Responsibility report based on stakeholders' expectations

(GRI 102-46: Entities included in the consolidated financial statements, GRI 102-47: List of material topics, GRI 103-1 Explanation of the material topic and its boundary)

At Evli, responsibility means financial, social and environmental responsibility in a broad sense. In 2018, Evli conducted its first materiality analysis in order for the responsibility report and future priorities to correspond to the expectations of stakeholders and focus on matters that are relevant to the company. In 2020, the material topics were reassessed to ensure that these remain relevant and properly grouped. On the basis of the re-evaluation, the material topics remained unchanged,

Responsible business supports the company's value creation



Responsible products and services

- Responsible marketing
- Customer privacy protection and data security
- Responsible investing



Responsible governance

- Profit performance
- Taxes and tax footprint
- Corruption, bribes and money laundering
- Direct environmental impacts



Responsible employer

- Fairness: equality, non-discrimination and diversity
- Work well-being and health
- Education and development
- Attractive employer

but the grouping was changed by dividing the material topics into three main groups: base, development areas, and focus areas, which cover eleven material topics.

The materiality analysis considers the importance of the issues raised to stakeholders and Evli's business. The three main groups take into account Evli's ability to develop these areas in order to create even more responsible business operations. **The base** of the grouping are topics that create the foundation for banking operations and are directly related to stakeholders' trust in Evli and its business. At the middle of the grouping are **the development areas**, which are relevant to Evli and its stakeholders, enabling more responsible business, and are partly determined by laws and regulations. At the top of the grouping are **the focus areas** of Evli's responsibility work. These are the topics that Evli has identified as significant to ensure its future competitiveness and create added value for its stakeholders in the long term.

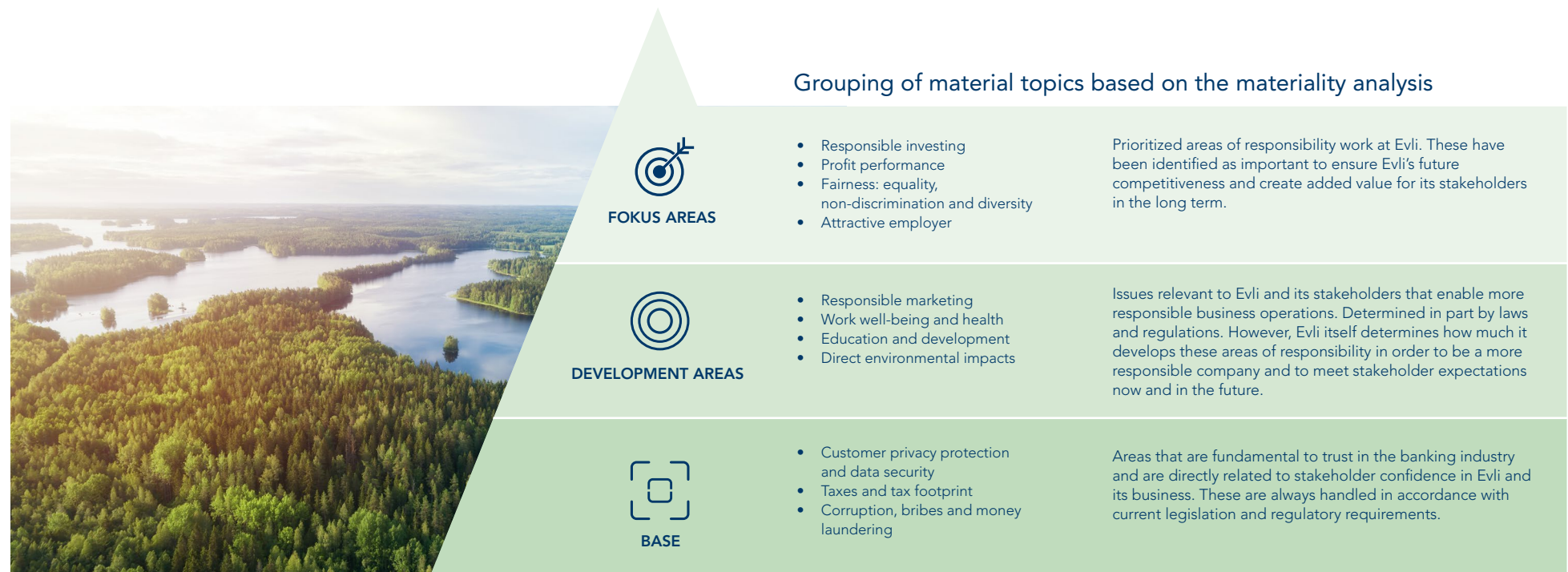
As a result of the materiality analysis, Evli has recognised, among others, that in improving responsibility and with regard to environmental impacts, the single most important factor in Evli's operations is the responsibility of the company's investment operations and taking this into account in the product and service range.

Continuous dialogue with stakeholders

(GRI 102-40: List of stakeholder groups, GRI 102-43: Approach to stakeholder engagement, GRI 102-44: Key topics and concerns raised)

Evli's principal stakeholders are its clients, personnel, shareholders, investors, the authorities, partners and media. An active and open dialogue with these principal stakeholders helps Evli to identify the areas of its operations that should be prioritised and developed. Regular discussions with different stakehol-

ders form a foundation for understanding their views and needs. Correspondingly, it is important to tell stakeholders about the company's goals, execution policies, values and changes in the operating environment. This helps create a common understanding and trust concerning business operations and factors that influence it.



STAKEHOLDERS	STAKEHOLDER'S EXPECTATIONS	CHANNELS	EVLI'S ACTIONS IN 2020
Clients	<ul style="list-style-type: none"> Competitive products and services Useful auxiliary and advisory services Reliability, data protection Service channels that meet needs Responsible operations 	<ul style="list-style-type: none"> Questionnaires and client feedback Websites and social media channels Client meetings, events and webinars Emails, newsletters and phone calls 	<ul style="list-style-type: none"> Two new mutual funds and two new alternative investment funds were launched The principles of responsible investment, climate and corporate governance principles were updated The renewed fund ESG reports were launched The new My Evli online service was launched Internal processes were developed to improve operational efficiency and improve customer service
Personnel	<ul style="list-style-type: none"> Fair treatment and open interaction Job stability and competitive pay Opportunities for professional development Occupational health and well-being 	<ul style="list-style-type: none"> Intranet and HR personnel system Occupational healthcare Performance reviews and training events Personnel satisfaction survey and other internal surveys Personnel events 	<ul style="list-style-type: none"> The expertise and knowledge of the employees were developed Team leaders were offered support in developing managerial work Operations were developed based on personnel surveys and the 360-performance review made on team leaders Self-management webinars were organised The recruitment process and trainee program were developed
Shareholders and investors	<ul style="list-style-type: none"> Creating long-term value Profit performance Dividend and good return on equity Capital adequacy Responsible operations 	<ul style="list-style-type: none"> Interim and half-year reports, financial statements bulletins and annual report Corporate Governance Statement Remuneration policy and report Stock exchange and press releases Annual General Meeting, Investor and analyst meetings www.evli.com 	<ul style="list-style-type: none"> Evli continued to implement its strategy from 2017 Operations were developed to create long-term stable financial performance Economic, social and environmental aspects were taken into account in operations
Partners (including agents and distributors)	<ul style="list-style-type: none"> Fair and equal treatment Competitive products and services Reliability and capital adequacy Two-way communications 	<ul style="list-style-type: none"> www.evli.com Meetings and training Emails and phone calls 	<ul style="list-style-type: none"> Information and trainings about new products and services Operational development based on feedback received Open communication and continuous dialogue
The authorities	<ul style="list-style-type: none"> Compliance with laws and regulations, integration of sustainable development with operations Open, transparent and reliable reporting Continuous interaction 	<ul style="list-style-type: none"> Phone calls and emails Participation in events and training 	<ul style="list-style-type: none"> Compliance with new laws, regulations and provisions and developing business operations to adapt to changes in the operating environment Open communication and continuous dialogue
Media and journalists	<ul style="list-style-type: none"> Relevant, reliable and open communications Expertise 	<ul style="list-style-type: none"> Press and stock exchange releases Press events and interviews www.evli.com and social media channels Morning reviews, newsletters, emails and phone calls 	<ul style="list-style-type: none"> Multi-channel communication on topical matters Prompt replies to inquiries and interview requests from the media Regular media meetings
Local communities	<ul style="list-style-type: none"> Employment opportunities Co-operation with universities Support to communities and co-operation with businesses 	<ul style="list-style-type: none"> Meetings, events and webinars www.evli.com and social media channels 	<ul style="list-style-type: none"> Activities of the universities were supported Summer employments and the trainee program were developed Continued co-operation with entrepreneurial organisations to support entrepreneurship Continued support for sports and cultural activities in Finland

Responsible products and services

Evli's key principle is to offer products and services that meet its clients' needs and goals. In selling products and services, Evli focuses on ensuring that clients understand the product or service they are buying and the associated risks, as well as ensuring that the product or service suits the clients' investment goals. At Evli, responsible investing means that environmental, social, and good governance factors are an integrated part of portfolio management.

Responsible marketing based on integrity, clarity and transparency

Evli's mission is to increase clients' wealth sustainably according to their individual targets and its vision is to ensure that it is perceived as "Simply Unique" by offering high-quality services and a unique customer experience 24/7. Trust plays a key role in order to achieve the company's mission and vision. To earn and maintain trust, the products and services are explained honestly and in accordance with valid legislation. Responsibility is emphasised in the communication and marketing of products and services by being transparent, professional and clear.

Evli's operations are based on the Stewardship philosophy, which means the client's best interest always comes first. In

Evli, Stewardship means that the client's assets are managed as if they were Evli's own. The cornerstone of this kind of operation is that Evli knows its clients and becomes familiar with their business and financial situation as required by the client relationship. This enables Evli to offer every client products and services that fit their needs and goals and to ensure that clients truly understand the product or service they are buying.

Transparent products and services that promote clients' needs improve client satisfaction. Client feedback in Private Banking and institutional asset management is continuously monitored. By continuously measuring client satisfaction, Evli wants to identify issues that clients consider relevant, develop them and quickly react to problems. Client satisfaction is electronically measured after a meeting with a Private Banking or an institutional client. In the survey, the client and the asset manager assess the success of the client meeting and the service experience. Client satisfaction is reported weekly at the unit level and quarterly to the Executive Group. In addition to Evli's internal client satisfaction surveys, Evli takes part in annual asset management surveys conducted by external parties.



Results and priorities in 2020

- Evli's customer satisfaction remained at the previous years' high level and averaged 4.6 (2019: 4.6) on a scale from 1-5.
- In KANTAR SIFO Prospera's "External Asset Management 2020 Finland" -survey Evli was, for the fourth consecutive year, the most widely used institutional asset manager in Finland and in addition the second best institutional asset manager in Finland. Evli was especially praised for portfolio management competence, responsible investments, track record and sales competence.
- In KANTAR SIFO Prospera's "Private Banking 2020 Finland" -survey investors rated Evli's Private Banking as the best in Finland.
- To improve customer experience, Evli continued to streamline its operations and reorganise its work. Evli also invested in system upgrades and the development of new products and services.
- Due to the restrictions imposed by the coronavirus, Evli focused on active electronic client communication and the organisation of webinars.

Client data protection form the basis for trust

(GRI 418-1: Number of legitimate complaints about customer privacy violation and customer loss)

In Evli's operations, particular attention is devoted to data protection and the safeguarding of the client's privacy protection in the processing of personal data. In addition, Evli always ensures that bank secrecy is observed in processing personal data. Personal data is used for taking care of client relationships, offering products and services, direct marketing and risk management. Evli is committed to processing personal data in accordance with the laws, appropriately and transparently. Personal data is processed in compliance with the EU's General Data Protection Regulation (GDPR) and specific legislation for the financial industry.



Evli Group has several person registers for managing personal data, each of which has a separate data protection notice. Data security is improved on a continual basis to ensure that it meets the requirements of the authorities, clients and the changing operating environment.

Results and priorities in 2020

- New employees were trained in Evli's data protection and digital security.
- An electronic security review was sent by email to all employees on a regular basis, highlighting current security issues in Evli's business environment.

Responsible investing

Evli believes that incorporating responsibility considerations into investment decisions increases the understanding of the investments and the related risks and opportunities more than by simply analysing financial figures.

Responsible investment an integrated part of investment operations and reporting

At Evli, responsibility factors have been integrated into the investment operations of Wealth Management, which means that responsibility is systematically considered in portfolio management. In practice, this is done with the help of an internal ESG¹⁾ database which is based on responsibility data produced by

MSCI ESG Research. The purpose of the ESG database is to provide portfolio managers with easy access to ESG data when making equity and fixed-income investments. For instance, portfolio managers can search for the following information on a company: responsibility assessments (so-called ESG scores), data on controversial activities' contribution to revenue, and any ESG violations as well as emission data. In 2020, an ISS ESG liability analysis for possible ESG violations was also added to the database.

The ESG database is also used for reporting purposes. Evli publishes public ESG reports on all of its equity and fixed income funds. This means that anyone can follow the responsibility of Evli's investments. In 2020, Evli significantly improved the ESG reports of its equity and fixed income funds. In addition to the ESG and UN Global Compact analysis, the reports include the development of the fund's responsibility score, reputational risk metrics, carbon footprint and company specific ESG information on the ten largest holdings.

An investment specific ESG analysis is also part of all investments in the alternative investment funds. For example, in the Evli Private Equity I and II funds and the Evli Infrastructure I fund, each new fund invested in is analysed using the same ESG criteria, and investments are only made in the funds that meet the criteria. Fund investments are also analysed during the investment time according to the same criteria, and the information from the ESG analysis is transparently available to investors.

¹⁾ESG=Environmental, Social and Governance.

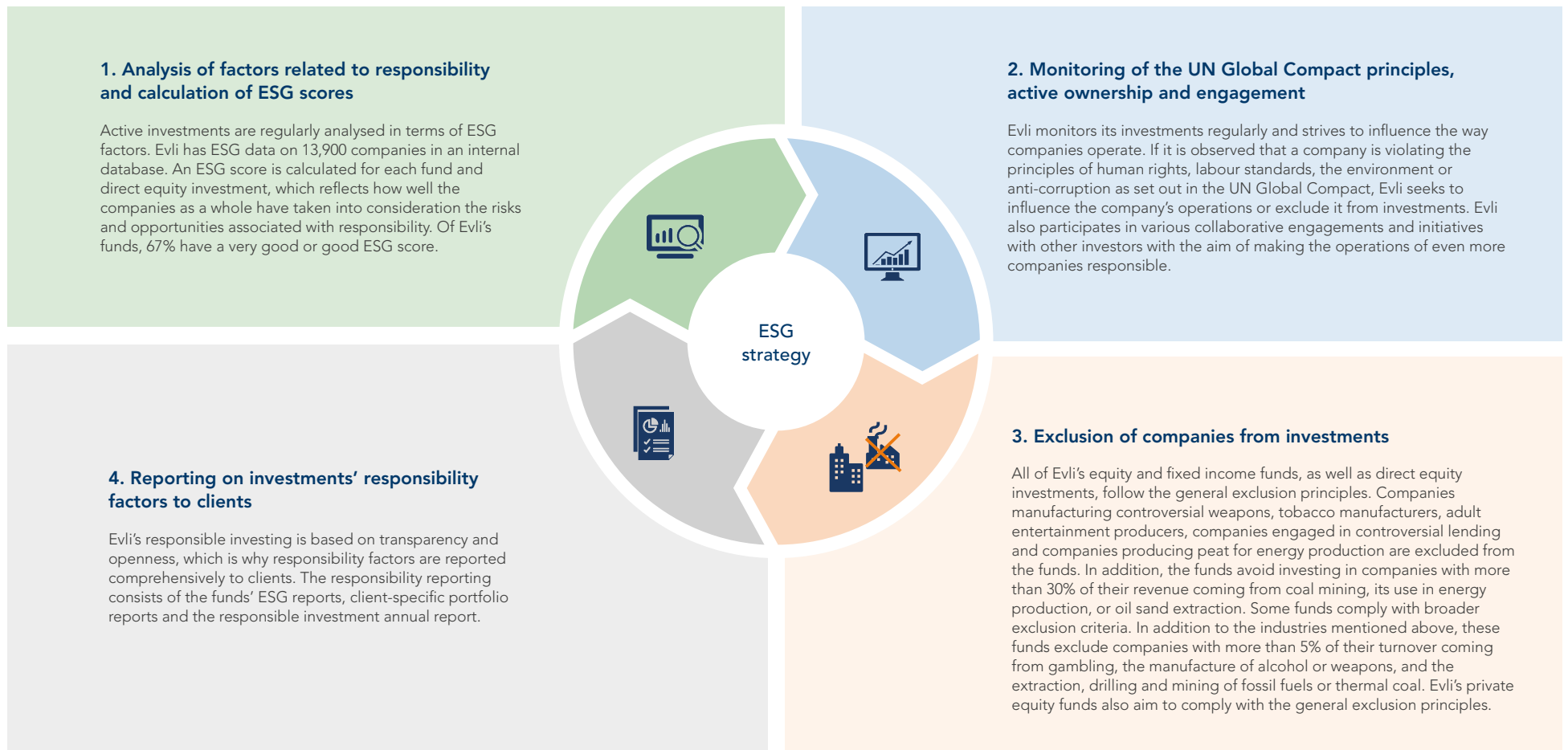
More responsible practices through engagement

Evli analyses the active selections made in equity and corporate bond funds and the direct investments in Wealth Management every three months for potential violations of UN Global Compact Principles and Evli's Climate Change Principles. The UN Global Compact is an international corporate responsibility initiative that requires companies to respect human rights, take actions to fight corruption and take environmental issues into consideration. Information on violations can be obtained from the MSCI and ISS ESG databases and from other sources, such as the news media.

Every case of non-compliance with the norms and Climate Change Principles triggers a pre-determined process at Evli. The case is first discussed with the portfolio manager, after which Evli's Responsible Investment team analyses the company's situation. The Responsible Investment team has two options for further action:

1. Initiate measures for engagement
2. Exclude the investment

Cases of engagement most often concern environmental problems, human rights, workers' rights or actions leading to climate change mitigation. Evli does not disclose the names of the companies that are subject to engagement activities, as it believes that the procedures and discussions are more effective when done confidentially.



Goals 2020-2021

Renewal of the ESG reports

Launch new responsibility funds

Deepen ESG integration in portfolio management

Set climate targets

Results and priorities in 2020

- The principles of responsible investment and the principles for climate change and ownership control were updated. As a result of the updates, tobacco manufacturers, adult entertainment producers and companies engaged in controversial lending (including so-called quick-roll companies) were added to the excluded companies, with a five percent turnover limit, in all of Evli's active equity and corporate bond funds. In addition, companies with more than 30 percent of their turnover coming from the extraction of oil sands were added to the list of companies to be avoided.
- The responsible investment ownership model was changed and Evli established a Responsible Investment Executive Group which, in addition to the CEO, consists of executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the responsible investment team. The Responsible Investment Executive Group decides on Evli's Principles for Responsible Investment and related practices, and reports to Evli Bank's Executive Group.
- Renewed fund ESG reports were published. New indicators describing climate and reputation risks were added to the reports as the importance of climate change continued to grow. The new reports also feature each fund's ESG strategy, and the fund's responsible investment approaches and exclusions.
- Evli published the first analysis in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) reporting framework. Additional information on pages 25-28.
- In August, Evli launched two new mutual funds. Evli Green Corporate Bond, an investment fund focusing on green corporate bonds and the Evli Equity Factor Global fund, where responsibility is an integral part of the choice of investment targets.
- In November, Evli launched Evli Impact Forest Fund I, which aims to mitigate climate change by achieving positive carbon effects. The new fund invests globally in leading, unlisted forest funds that manage and develop forest assets.
- During the year, Evli participated in 26 Annual General Meetings. Attendance at general meetings took into account the restrictive measures brought about by the coronavirus pandemic, and therefore most of the meetings were attended by issuing a power of attorney with voting instructions. Evli's representatives participated in, among others, the annual general meetings of Talenom, QT Group, Kojamo, Sanoma, Verkkokauppa.com, Consti, Marimekko, Detection Technology, Eezy, Adapteo, Fortum, Gofore, Huhtamaki, Tokmanni, Caverion, Ponsse, Glaston, Terveystalo, Revenion, Konecranes, MetsäBoard, Asiakas-tieto, Valmet and NoHo Partners. The meetings were chosen based on their agenda and the asset management company's ability to influence decisions.
- Evli continued its systematic engagement and was in contact with nine companies and excluded three companies based on a strong suspicion of violating international standards.
- In addition to engaging with companies independently, Evli signed new engagements and continued to participate in several collaborative engagement activities. Evli has participated in i.a. the following engagement activities: the CDP-coordinated investor letters (climate change, deforestation, water), Climate Action 100+, the PRI's collaborative engagement activities towards companies in the oil and gas sector, the Investor Agenda Statement to Governments on Climate Change, and the PRI's Investor Statement on deforestation and forest fires in the Amazon. In addition, during 2020, Evli joined the new PRI collaborative engagement, "The Need for Biodiversity Metrics", the CDP's new collaborative engagement to set science-based climate targets, and signed a joint statement, "A Sustainable Recovery from the COVID-19 Pandemic". Evli also joined the Green Building Council. The goal of the Green Building Council is to promote sustainable development practices related to the built environment.
- In June, Evli celebrated its 10-year anniversary as a signatory of the United Nations' Principles for Responsible Investment (PRI). The signatories are committed to implementing the six Principles for Responsible Investment and to reporting on the responsibility of its investments on an annual basis.
- Evli's responsible investing achieved good ratings in external evaluations. In the KANTAR SIFO Prospera External Asset Management Finland 2020 survey, Evli was ranked best in responsible investment in Finland for the fourth consecutive year. In addition, in an international comparison, the UN's umbrella organisation for responsible investment, the PRI, awarded Evli its highest rating (A+) in the Responsible Investment Strategy and Governance category.

It is vital for Evli to continuously develop its responsible investment practices and to listen to feedback from its clients and other stakeholders. Over the next few years, the goals include renewal of the ESG reporting, launching new responsibility funds, deepening ESG integration in portfolio management and setting climate targets.

CASE

Evli Green Corporate Bond - A truly green corporate bond fund

In August, Evli launched a new investment fund focusing on green corporate bonds - the Evli Green Corporate Bond fund. The fund is Evli's first fund to invest in the green bond market through corporate bonds. While many Green Bond funds also include and significantly emphasise bonds issued by, for example, governments and state bodies, the Evli Green Corporate Bond fund focuses only on green corporate bonds, which is rare on a European scale.

The fund aims to invest in projects that are expected to have a positive impact on the environment or society or on the achievement of the UN Sustainable Development Goals. Achieving the goals of the UN Sustainable Development and the Paris Agreement will require approximately USD 6.9 trillion in infrastructure investment annually until 2030. This means real long-term investment potential in the corporate bond segment,

with the Evli Green Corporate Bond fund offering investors the opportunity to benefit from the segment's rapid growth.

However, finding genuinely green corporate bonds requires careful analysis and attention, especially with regard to the use of assets, but also to the reporting practices of the green corporate bonds and the responsibility of the issuer more broadly. In its analysis, Evli pays attention not only to the documentation of the green corporate bond, but also to the company's broader strategic goals and how well the green corporate bond fits into the issuer's other activities from an ESG perspective. This allows for a comprehensive assessment of whether the investment can be expected to contribute to a favourable environmental and social development.

[➤ Read more about the Evli Green Corporate Bond fund](#)



Responsible governance

Evli's operations are always based on good governance, legislation and official regulations. In addition, integrity and ethical operations are considered the foundation of sustainable business.

Profit performance forms the core of financial responsibility

(GRI 201-1: Direct economic value generated and distributed)

Financial responsibility is fundamental to Evli's operations. Financial responsibility means maintaining competitiveness, strong performance and good profit performance. These factors enable profitable growth and thus add value in the long-term to all Evli's key stakeholders: clients, society, personnel, and shareholders. Evli aims to improve profit performance by enhancing operating efficiency, innovating new products and service solutions and developing its core processes. A financially solid company can shoulder its responsibility for the environment, look after its personnel, meet its clients' needs and serve society.

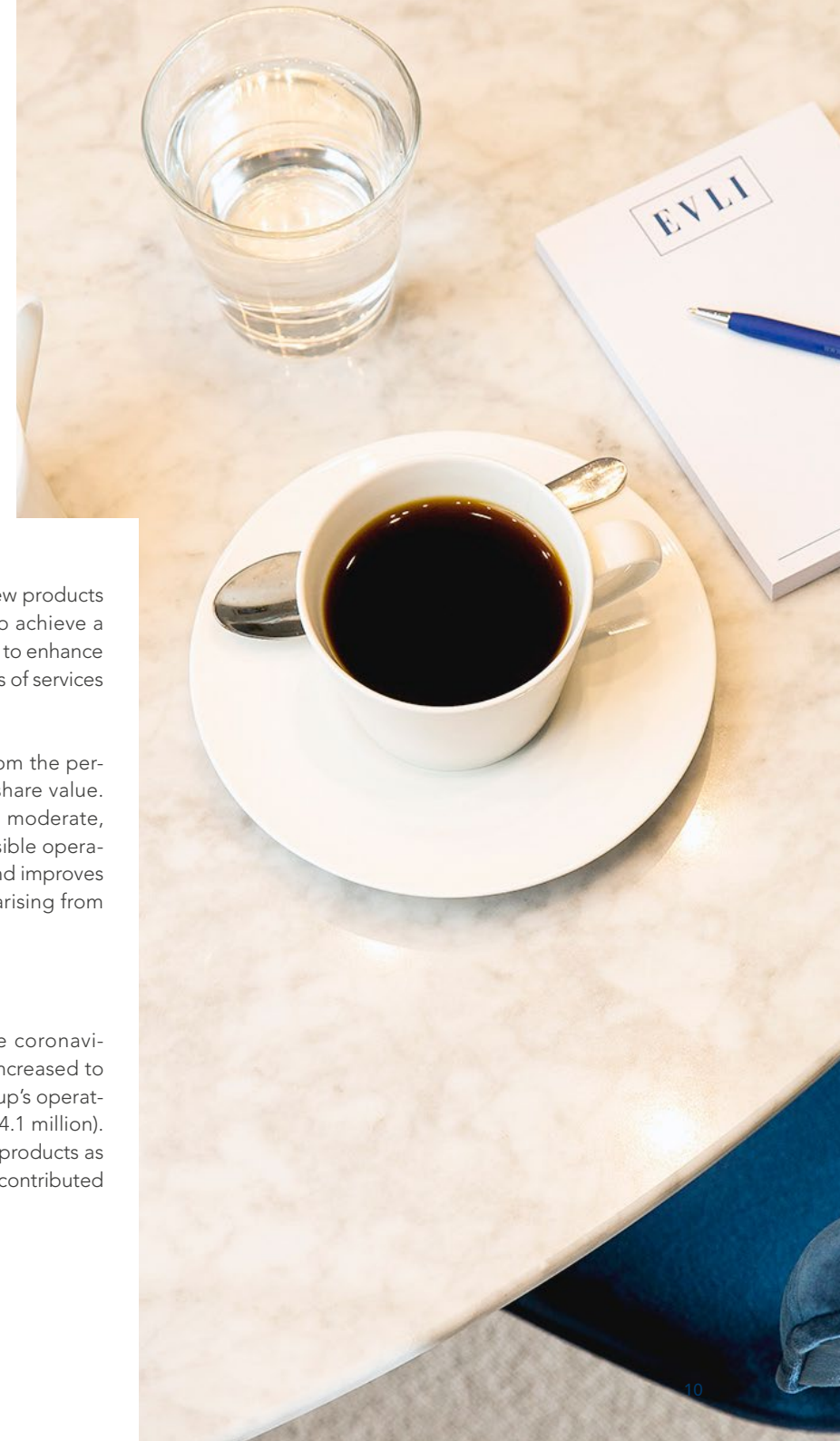
Evli's goal is to increase the sales of its existing wealth management services, mutual funds and alternative investment products in Finland and to increase the international sales of

selected mutual funds. The goal is also to bring new products and service solutions to the market, which help to achieve a positive result development. In addition, Evli's aim is to enhance its operations in order to ensure the competitiveness of services and continuity of operations in the future.

Evli aims to be an interesting investment, both from the perspective of dividend income and the increase in share value. Evli avoids unnecessary risks and concentrates on moderate, long-term growth and development. With responsible operations, Evli creates long-term value for the owners and improves the ability to react to the opportunities and risks arising from economic, social and environmental megatrends.

Results and priorities in 2020

- Despite the challenges brought about by the coronavirus pandemic, Evli Group's operating income increased to EUR 79.7 million (EUR 75.8 million) and the Group's operating profit 21 percent to EUR 29.1 million (EUR 24.1 million). Among others growth in alternative investment products as well as asset management and mutual fund fees contributed positively to profit performance.



- Sales of alternative investment products developed according to plans and the total asset under management increased to EUR 1.1 billion (EUR 0.9 billion).
- International sales suffered from market price fluctuations and the extensive travel restrictions made acquisition of new clients in Europe challenging. The whole year net subscriptions from foreign investors were negative at EUR -471 million (EUR 590 million).
- Evli continued its work to streamline investment processes and improve the customer experience. During the year, among others, a new version of the My Evli online service was launched. Due to the remote working recommendations brought about by the coronavirus pandemic, most of Evli's employees worked remotely from March onwards. Despite the need to work remotely, all of Evli's work tasks were taken care of and the clients were served according to their needs. This was possible due to IT investments made in previous years.
- Evli paid its owners a dividend of EUR 0.66 per share (EUR 0.61), eight percent more than in the previous year.

Taxes are paid in accordance with local legislation in each country of operation

(GRI 201-1: Direct economic value generated and distributed)

Evli's head office is located in Finland. The company also has branch offices and subsidiaries in Sweden and the United Arab Emirates. In each country, Evli pays its taxes in accordance with the local legislation. Evli is committed to ensuring that it complies with all statutory obligations and it discloses all required information to the relevant tax authorities and engages in an open discussion with them. Evli considers compliance with tax legislation as an important part of its corporate responsibility.

Results and priorities in 2020

- Evli paid a total of EUR 6.3 million in taxes (EUR 4.9 million).



INCOME DISTRIBUTION, M€	2020	2019	2018
Net interest income	0.2	0.3	0.7
Commission income and expense, net	76.8	72.2	67.1
Net income from securities transactions and foreign exchange dealing	2.4	3.2	0.7
Other operating income	0.2	0.1	0.1
Share of profits (losses) of associates	0.4	-0.6	2.6
Total Income	80.0	75.2	71.2
Personnel expenses	25.9	24.8	23.1
Other administrative expenses	12.5	14.0	15.9
Depreciation, amortisation and write-down	5.7	3.5	2.1
Other operating expenses	1.7	3.7	3.6
Impairment losses on loans and other receivables	0.1	0.1	0.0
Society			
Taxes	6.3	4.9	4.2
Social security costs	1.2	1.4	1.2
Pension expenses	3.4	4.1	3.7
Equity holders of parent company	21.3	17.3	16.0
Non-controlling interest	1.9	1.4	1.3
Distribution of income	80.0	75.2	71.2

Corruption, bribes and money laundering not acceptable

(GRI 205-2: Communication and training about anti-corruption policies and procedures, GRI 205-3: Confirmed incidents of corruption and actions taken)

Evli does not accept corruption, bribery or any other illegal activity under any circumstances. Evli's ethical principles guide its personnel in this matter. For example, employees will not offer, demand or accept inappropriate gifts, trips or payments. Moreover, there is an internal guideline on hosting in the company's name and giving business gifts.

As a bank, Evli plays an important role in preventing money laundering and the funding of terrorism. For this purpose, Evli has clear operating instructions that apply to the entire personnel. In addition to statutory obligations, preventing money laundering is part of Evli's risk management and an important part of its business operations. Knowing the client is an integral part of the prevention of money laundering. Therefore, before a new client relationship is formed, the client's information is always analysed as required by guidelines based on the law. All personnel who have direct contact with clients must take part in annual trainings on money laundering and knowing the customer. Evli has also adopted an active role in developing the regulation and good operating practices in the industry.

Evli provides an opportunity to report violations through the whistleblowing procedure. If an employee suspects that unethical activities have occurred or that someone has engaged in activities that violate the law, regulations, the authorities' instructions, or the Evli Group's internal guidelines, a separate procedure is available with dedicated guidelines that the employee can follow to report the matter.

Results and priorities in 2020

- No cases of corruption, bribery or money laundering in Evli's operations were reported.
- Training events were mainly concerned with the prevention of money laundering and the funding of terrorism.



Own operations help promote positive environmental action

(GRI 302-1: Energy consumption within the organisation, GRI 302-4: Reduction of energy consumption)

Evli's own operations do not have any significant immediate environmental impacts. The company's principal environmental impacts are related to its investment activities. However, the company is aware that it can promote positive environmental impacts through its own operations by developing and improving digital services, and reducing air travel and the consumption of electricity.

It is also important for Evli to increase environmental awareness among its clients and employees and offer products and services that help to mitigate harmful environmental impacts. With the continuous development of digital transaction channels and utilising the opportunities given by technology, Evli offers new forms of services that have a smaller environmental impact than before.

In all purchases, Evli seeks to ensure the responsibility of the suppliers. The supplier's environmental responsibility is always a consideration in internal procurement concerning personnel needs, client premises, business gifts, office supplies and furniture. This means, among others, that business gifts are mainly procured by suppliers that manufacture products from recycled materials, and that durability is an important factor in choosing

office furniture. The food offered in client meetings and events is prepared when possible using local and organic products and food waste is minimised.

Evli's head office in Helsinki has been awarded the LEED¹⁾ Gold certification, one of the world's best-known green building certificates. Evli is committed to reducing the energy consumption and CO₂ emissions of its offices and paying attention to the environmental impacts of waste and consumption of paper. Unnecessary travel is avoided by favouring telephone and video conferences. In addition, employees continuously strive to reduce their ecological footprint in their everyday work.

Results and priorities in 2020

- Evli continued the development of its website www.evli.com and the My Evli online service in order to, among others, reduce the amount of paper reporting.
- Evli's energy consumption decreased by 46 percent. A main factor contributing to the decreased energy consumption was the extensive remote working recommendations during the year brought about by the coronavirus pandemic and the reduced office space at the Helsinki office. Air travel, including flown kilometers and flight emissions, decreased by 73 percent compared to 2019, mainly due to the restricted travel recommendations due to the coronavirus pandemic.

¹⁾LEED=Leadership in Energy and Environmental Design.

Responsible employer



Evli's success is based on the professional skills of its employees and their ability to create new solutions, added value for the benefit of the clients and to serve them professionally. Evli believes that employee commitment and thriving at work is reinforced by creating a flexible, efficient and balanced work community, which is characterised by innovativeness and the capacity to change and achieve change.

To ensure that the best experts in the business will serve clients also in the future, Evli pays particular attention to employee development and motivation. In addition to competitive pay, personnel benefits include expert level occupational healthcare services and varied opportunities for developing skills.

Most of the personnel work in Finland

(GRI 102-8: Information on employees and other workers, GRI 401-1: New employee hires and employee turnover)

At the end of 2020, the Evli Group had 261 employees, an increase by five percent on the previous year. Of the total personnel, 94 percent worked in Finland, almost six percent in Sweden and less than one percent in the United Arab Emirates.

The total number of new hires in 2020 was 20. The number of new employees does not include summer workers and trainees. The average personnel turnover was eight percent.

PERSONNEL DATA	2020	2019	2018
Personnel	261	249	254
Permanent	233	224	226
Temporary ¹⁾	24	25	24
On study or parental leave	4	3	4
Full time ²⁾	240	237	243
Part time ³⁾	21	12	11
Women/men (%)	39/61	36/64	38/62
Average age	41.4	41.1	40.5
Average period of service	10.5	9.9	9.1
Average personnel turnover (%) ⁴⁾	8.0	8.5	8.3
New hires	20	16	15
Sickness absences, days/person	1.2	2.2	2.9
Occupational accidents at work	0	0	0
Training days/person	1	2.1	3.7
Personnel covered by performance reviews (%)	100	100	100

¹⁾Includes both trainees and summer workers

²⁾Includes both permanent and temporary employees with full-time contracts.

³⁾Includes both permanent and temporary employees with part-time contracts

⁴⁾Personnel turnover was calculated using the following formula: ((Number of new persons employed Jan 1-Dec 31 + number of employees leaving Jan 1-Dec 31)/2)/number of employees on Dec 31.

A diverse work environment and equal opportunities

(GRI 405-1: Diversity of governance bodies and employees)

Fairness, including equality, non-discrimination and diversity are a material part of Evli's responsibility. Work in this was further organised in 2018 as Evli Bank's Board of Directors approved Evli Group's diversity policy and goals for 2022. The diversity policy defines the company's principles concerning equality, non-discrimination and diversity. Under the principles, Evli commits to creating a workplace that is non-discriminatory, open and positive and in which all employees are treated equally, irrespective of gender, age, ethnic or national background, nationality, language or faith. In addition, a material factor of diversity is that all employees feel they have the same opportunities to develop and advance in their careers.

Good management of diversity and work for non-discrimination can improve personnel well-being and commitment and enable employees to perform to their full potential. In addition,

diversity promotes innovations, productivity and the company's competitiveness. At Evli, diversity applies to all business areas and diversity is taken into account in all personnel management from hiring to career progress and development.

In addition to Evli Group's diversity policy, the goal of the Board of Directors' diversity policy is to ensure that the Board is as diverse as possible. Diversity emphasises the Board members' expertise regarding different industry sectors and training and skills that complement those of other members. In addition, factors that are relevant regarding the diversity of the Board include age and gender distribution and the length of term. The goal is for both genders to be represented on the Board. Additional information about the Board of Directors diversity is found in Evli's Annual Report 2020 on page 134.

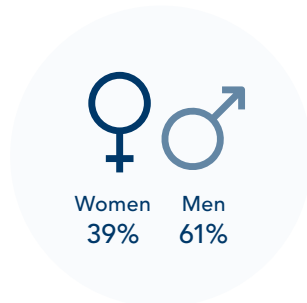
Results and priorities in 2020

- In Evli's recruiting process, an increasing focus was on diversity, including collaboration with various stakeholders to

make the investment industry more attractive to women.

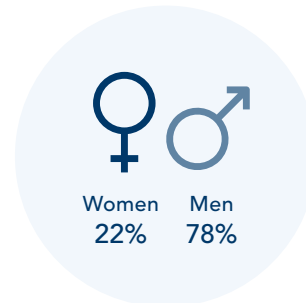
EVLI'S DIVERSITY 2020

Gender diversity entire personnel



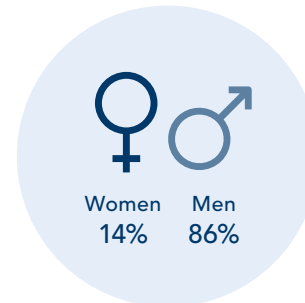
261 persons

Gender diversity team leaders



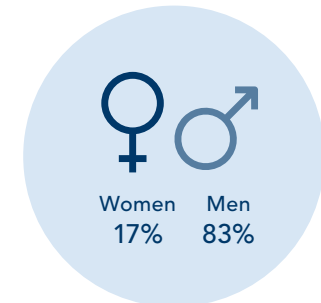
41 persons

Gender diversity Executive Group



7 persons

Gender diversity Board of Directors



6 persons



Diversity goals for 2022

- There are at least 40 percent of each gender represented in expert positions in all business areas.
- There are at least 30 percent of each gender represented in team leader positions in business areas and administration.
- Both genders are sufficiently represented on the Board of Directors and in the Executive Group. In planning the composition of the Board, important factors include members' skills, experience and expertise to ensure effective performance.
- In recruitment, the most suitable person for the position is always selected.
- Both genders must be represented in the group of people selected for the trainee program.

Evli looks after the well-being of its employees

(GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, GRI 401-3: Parental leave)

Motivated and committed employees whose well-being are at a high level are vital to Evli's operations, development and profitability. Evli's goal is to develop and promote the comprehensive well-being of its employees and to focus on proactive measures on workplace well-being. One of the key prerequisites for both mental and physical well-being is a work-life balance. This is supported by offering a flexible work culture, which means, among others, the possibility of flexible working hours, remote working and a shortened workweek. In addition, Evli uses a so-called age management model that takes into account and supports employees at different stages of their careers and lives.

Evli's employees have access to expert level occupational healthcare including, among others, access to specialist-level doctors, physiotherapy, ultrasounds, MRIs and x-rays. In addition, the mental and physical well-being are supported by offering employees opportunities to take part in exercise classes and lectures. Evli's policy also includes preventing long-term sick leave through an early support model.

Job satisfaction and well-being at work are measured by means of an employee survey and smaller in-house surveys. The results drive the further development of workplace well-being and practices.

Results and priorities in 2020

- About three percent of the employees worked a shortened work week and were, for example, on part-time childcare leave.
- With the coronavirus pandemic, the amount of remote working at Evli increased significantly. In the past, employees, depending on their job tasks, could occasionally work remotely. Due to the pandemic, most of Evli's employees worked, in part or in full, remotely from March onwards. In order to promote well-being at work in the exceptional situation, Evli supported the employees remote working by organising various webinars, sharing information on good remote working practices and work ergonomics.
- Eezy Spirit's Most Inspiring Workplaces survey was sent to all employees, with 95 percent of employees responding. Based on the results, the employees were satisfied with the efficiency of Evli's decision-making and the company's way of taking care of the employees' well-being. In addition, the employees thought that Evli has developed in the right direction in recent years and that the future prospects are good. On the other hand, employees wished for more development and support in, among others, one's own professional development and change management. Based on employee satisfaction results, Evli was once again awarded one of Finland's most inspiring workplaces.

Personnel development helps increase competitiveness

(GRI 404-1: Average hours of training per year per employee, GRI 404-2: Programs for upgrading employee skills and transition assistance programs)

The skills of motivated and committed employees support the execution of the company's strategy and targets. Evli constantly



Based on the employee satisfaction survey results, Evli was once again awarded as one of the most inspiring workplaces in Finland. »

develops its employees' professional expertise, as this enables it to keep up with the changes in the environment and offer innovative solutions that meet the market demand. Evli Academy, established in 2006, organises both internal and external training events to improve the employees' skills and to enhance occupational health and well-being.

In addition to training opportunities, Evli encourages learning on the job and job rotation. Job rotation is encouraged by, for example, publishing all open positions on Evli's Intranet.

The work of team leaders is considered an important part of personnel development and work satisfaction. Team leaders are trained on a continuous basis to enable them to support their team members as well as possible and to develop the teams' practices. The work of team leaders is evaluated regularly based on external surveys.

Results and priorities in 2020

- The number of training days per person was approximately one. Training days include both internally organised training and external training.
- Four persons transferred to new job tasks as part of internal job rotation.
- The work of team leaders became even more important with the coronavirus pandemic and the extensive remote working recommendation. To support the work of the team leaders, twelve team leader events were organised during the year.

These included, for example, information on how to support employees in remote working conditions and working in exceptional circumstances brought about by the coronavirus pandemic, recruitment and new employees, and the 360-degree leadership feedback survey.

- All team leaders participated in the Eezy Spirit 360-degree leadership feedback survey, in which their own team leader, team members, and colleagues evaluated their managerial work. The aim of the survey was both to develop the work of each team leader and to obtain information on the areas of development that would be relevant to Evli's work in the coming years. Based on the results, team leaders received particularly good feedback for quick decision-making, task prioritisation, and good pressure tolerance. On the other hand, areas for development included setting goals and providing constructive feedback.

An attractive employer

Competition for the best talent is very severe in the finance sector. Finding the right people and keeping them is vital for a company that offers expert services. Evli believes that by offering its employees good learning and development opportunities, and by investing in their well-being and work-life balance, it can attract new employees and commit them to the company.

Evli's recruitment activities emphasise finding the right people who match Evli's corporate culture and are prepared to develop to become future top experts at Evli. Fresh graduates or stu-

dents close to graduation are attracted to work at Evli mainly through the trainee program. The goal of the trainee program is to find motivated young talents that can become future top experts at Evli and bring innovations and ideas to the company.

In addition to the trainee program, Evli supports schools and participates in various recruitment events in Finland and Sweden. The purpose of these events is to increase awareness of Evli among potential employees.

Results and priorities in 2020

- The trainee program was carried out around the year despite the coronavirus pandemic. During the year over 600 persons applied for the trainee-program and from these seven persons were hired to Evli as trainees.
- Systematic work was started to improve employer branding. Evli feels that by improving the image of the company as an employer, it will be easier to attract promising new employees and to retain current employees. In order to improve the employer image, more systematic use of social media and the improvement of the content of Evli's own website were started.
- Evli partnered with the Women's Career Society in order to support female students' career paths.

CASE

Trainee in the Venture Capital world

Evli's trainee program offers recent graduates or students in the final stages of their studies the opportunity to become acquainted with working in investment banking, in various positions. According to Tiia Sinisalo, a participant in the trainee program that began in the autumn of 2020, an internship at Evli Growth Partners and Evli gave her a fast and deep learning curve in a warm work environment surrounded by top tier professionals.

"When I applied to Evli's trainee program in January 2020, I was convinced that Evli is an excellent fit for me. I had discussed Evli with my fellow students and co-workers, who had worked at Evli either as a trainee or in a permanent position. I got the impression that people at Evli are extremely talented and welcoming. The conversations convinced me that an internship at Evli would ensure an enhanced learning curve and a great experience. I decided to apply for a position in Evli Growth Partner's team due to a combination of my genuine interest in the Venture Capital sector and my background as a business developer.

During my time at Evli Growth Partners, I got the opportunity to get familiar with the Venture Capital world by seeing the invest-

ment process from the beginning to working with the portfolio companies. One of the two best things about my internship was that I was able to learn a lot. My team made very clear from the beginning that there are no wrong or silly questions and with their encouragement, I felt confident about asking questions about anything. Adding this to my diverse and challenging tasks, the internship helped me to distinguish what I am particularly good at and what I still need to improve. During the three months internship, I participated in a discussion with the operational team and Evli Growth Partners whether we should invest in the company or not, I conducted a few industry analyses and participated in the due diligence process. In addition, I attended the Artic15 e-event as an investor, where I pitched our fund to start-ups as well as listened to their pitch and offers for the investment.

The other great thing, from the many amazing experiences, was the people and culture at Evli. Other teams organised short introductions in their functions, which helped in understanding Evli's operations in the bigger picture. When it comes to Evli's culture, I was impressed by Evli's goals to improve sustainabi-

lity in their operations and encourage female students in their careers. As an active member of the Women's Career Society, I was thrilled that Evli was one of the companies that participated in the workshop organised by our society. The workshop aimed at giving support to the recruitment process by giving insights on how to prepare for an interview.

To summarise, Evli's trainee program met and went beyond my expectations. An internship at Evli provides a student with a variety of challenging and motivating tasks. The trainee's learning curve can be as fast and deep as wished for. Overall, I felt that the internship gave me an incredible amount of new experience and I was a valuable part of the team and Evli all the time."

Tiia Sinisalo

Trainee at Evli's autumn 2020 Trainee program



Reporting practice

GRI 102-47: List of material topics

The economic, social and environmental impact of Evli's business comes both directly through its own operations and indirectly through its investment activities. The topics and priorities relevant to Evli's responsibility are presented on pages 2-3.

GRI 102-48: Restatements of information

No material changes have been made to previously reported data.

GRI 102-49: Changes in reporting

Evli conducted its first GRI Corporate Responsibility Report in 2018. In the 2020 report, the scope and boundaries of the report have remained the same and the content matches that of the 2019 report.

GRI 102-50: Reporting period

The reporting period is from January 1 to December 31, 2020.

GRI 102-51: Date of most recent report

Evli's Annual Report 2019 including the Responsibility Report was published on February 13, 2020.

GRI 102-52: Reporting cycle

Evli's Annual Report is published yearly, by calendar year. The Annual Report consists of a Business Overview, Responsibility Report, Financial Statement and Corporate Governance Statement as well as the Remuneration Policy and Report.

GRI 102-53: Contact point for questions regarding the report

The contact point for questions is Evli's Responsible Investment team as well as the Marketing, communications and IR team. Contact details are available at www.evli.com.

GRI 102-54: Claims of reporting in accordance with the GRI standards

The corporate responsibility report includes a GRI report which has been drawn up in accordance with the GRI standards, where applicable. The report also includes information that concerns Evli's own relevant responsibility matters in accordance with the reporting principles of the GRI standard. The GRI content comparison on pages 20-24 lists the GRI indicators used and where more information is available. The corporate responsibility report, including the GRI report, supplements Evli's financial reporting and concerns the operations of the Group as a whole unless otherwise indicated. The GRI report includes information and indicators that have been identified through materiality analysis that are relevant to stakeholders and Evli's business operations.

GRI 102-56: External assurance

The responsibility report, which includes a GRI report, is not externally audited.



GRI 103-1: Explanation of the material topic and its boundary

RESPONSIBILITY THEMES	RELEVANT RESPONSIBILITY SUBJECTS	SIGNIFICANCE TO BUSINESS OPERATIONS AND STAKEHOLDERS	CALCULATION PARAMETERS
 Responsible products and services	Responsible marketing	Development area	Own operations
	Customer privacy protection and data security	Base	Own operations
	Responsible investing	Focus area	Own operations - Responsibility of wealth management investment
 Responsible governance	Profit performance	Focus area	Own operations
	Taxes and tax footprint	Base	Own operations
	Corruption, bribes and money laundering	Base	Own operations
	Direct environmental impacts	Development area	Own operations (Helsinki office)
 Responsible employer	Fairness: equality, non-discrimination and diversity	Focus area	Own operations
	Work well-being and health	Development area	Own operations (Helsinki office)
	Education and development	Development area	Own operations (Helsinki office)
	Attractive employer	Focus area	Own operations

GRI 103-2: The management approach and its components

All business areas at Evli are part of ensuring that responsibility is integrated into everyday work. Every employee is responsible for observing it in practice. Evli's Responsible Investment team supports the business areas in matters concerning responsibility and especially the coordination of responsible investment.

Evli believes that through responsible investment activities the company can have the most impact on responsibility. This is why Evli has invested most in the development of responsible investment in recent years. Evli's Responsible Investment team, managed by the Head of Sustainability, is responsible for Evli's responsible investment work. Compliance with the principles of responsible investment at Evli is supervised by the Responsible Investment Executive Group. The members of the Executive Group include the CEO, executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the Responsible Investment team. The Responsible Investment Executive Group decides on Evli's Principles for Responsible Investment and related practices and reports to Evli Bank's Executive Group.

GRI content index

The page references of the GRI content index are to Evli Bank Plc's Annual Report 2020. The Annual Report is available at www.evli.com/investors

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
GENERAL DISCLOSURE			
Organizational Profile			
102-1	Name of the organization	Financial Statements, p. 63	
102-2	Activities, brands, products and services	Evli in brief, p. 3-4	
102-3	Location of headquarters	Financial Statements, p. 63	Aleksanterinkatu 19 A, 00101 Helsinki
102-4	Location of operations	Evli in brief, p. 3-4	
102-5	Ownership and legal form	Shares and Shareholders, p. 52-54, Financial Statements, p. 105-107	
102-6	Markets served	Evli in brief, p. 3-4	
102-7	Scale of the organization	Evli in brief, p. 3-4, Financial figures, p. 43	
102-8	Information on employees and other workers	Responsibility, p. 26-27	
102-10	Significant changes to the organization and its supply chain	Financial Statements, p. 108	
102-11	Precautionary Principle or approach	Risk management and internal control, p. 69-73	
102-12	External initiatives	Responsibility, p. 21	
Strategy and analysis			
102-14	Statement from senior decision-maker	CEO's review, p. 5-6	
102-15	Key impacts, risks, and opportunities	Megatrends & Strategy, p. 10-11	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Business model, p. 9	
102-17	Mechanisms for advice and concerns about ethics	Responsibility, p. 25	
Governance			
102-18	Governance structure	Corporate Governance Statement, p. 131	
102-19	Delegating authority	Responsibility, p. 32	
102-20	Executive-level responsibility for economic, environmental, and social topics	Responsibility, p. 32	
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement, p. 133-134	
102-23	Chair of the highest governance body	Corporate Governance Statement, p. 133-134	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement, p. 132	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Statement, p. 132	
102-27	Collective knowledge of highest governance body	Corporate Governance Statement, p. 134-135	
102-28	Evaluating the highest governance body's performance	Corporate Governance Statement, p. 132	
102-30	Effectiveness of risk management processes	Risk management and internal control, p. 69-73	
102-35	Remuneration policies	Remuneration policy, p. 140-142	
102-36	Process for determining remuneration	Remuneration policy, p. 140-142	

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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Stakeholder engagement			
102-40	List of stakeholder groups	Responsibility, p. 17	
102-43	Approach to stakeholder engagement	Responsibility, p. 16-17	
102-44	Key topics and concerns raised	Responsibility, p. 17	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial Statements, p. 63	
102-46	Defining report content and topic boundaries	Responsibility, p. 15-16	
102-47	List of material topics	Responsibility, p. 15-16	
102-48	Restatements of information	Responsibility, p. 31	
102-49	Changes in reporting	Responsibility, p. 31	
102-50	Reporting period	Responsibility, p. 31	
102-51	Date of most recent report	Responsibility, p. 31	
102-52	Reporting cycle	Responsibility, p. 31	
102-53	Contact point for questions regarding the report	Responsibility, p. 31	
102-54	Claims of reporting in accordance with the GRI Standards	Responsibility, p. 31	
102-55	GRI content index	GRI content index, p. 33-37	
102-56	External assurance	Responsibility, p. 31	The report has not been externally assured

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION			
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Management approach						
103-1	Explanation of the material topic and its boundary	Responsibility, p. 16				
103-2	The management approach and its components	Responsibility, p. 32				
Economic topics						
Economic performance						
201-1	Direct economic value generated and distributed		ECONOMIC VALUE GENERATED AND DISTRIBUTED			
			Income distribution, M€	2020	2019	2018
			Net interest income	0.2	0.3	0.7
			Commission income and expense, net	76.8	72.2	67.1
			Net income from securities transactions and foreign exchange dealing	2.4	3.2	0.7
			Other operating income	0.2	0.1	0.1
			Share of profits (losses) of associates	0.4	-0.6	2.6
			Total Income	80.0	75.2	71.2
			Personnel expenses	25.9	24.8	23.1
			Other administrative expenses	12.5	14.0	15.9
			Depreciation, amortization and write-down	5.7	3.5	2.1
			Other operating expenses	1.7	3.7	3.6
			Impairment losses on loans and other receivables	0.1	0.1	0.0
			Society			
			Taxes	6.3	4.9	4.2
			Social security costs	1.2	1.4	1.2
			Pension expenses	3.4	4.1	3.7
			Equity holders of parent company	21.3	17.3	16.0
			Non-controlling interest	1.9	1.4	1.3
			Distribution of income	80.0	75.2	71.2
Anti-corruption and anti-bribery						
205-2	Communication and training about anti-corruption policies and procedures	Responsibility, p. 25				
205-3	Confirmed incidents of corruption and actions taken	Responsibility, p. 25				
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Energy						
302-1	Energy consumption within the organization	Responsibility, p. 25				
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401-1	New employee hires and employee turnover	Responsibility, p. 26	
401-2	Full-time staff benefits not provided to fixed-term or part-time staff		All employee benefits are offered throughout the personnel, regardless of employment.
401-3	Parental leave		Employees are provided with an opportunity of shortened working hours and depending on work tasks, the possibility of flexible working hours.
Occupational health and safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Responsibility, p. 26	
Training and education			
404-1	Average hours of training per year per employee	Responsibility, p. 26	
404-2	Programs for upgrading employee skills and transition assistance programs	Responsibility, p. 28-29	
404-3	Percentage of employees receiving regular performance and career development reviews	Responsibility, p. 26	Evli's development discussion process covers all permanent employees who are not absent due to, for example, parental leave or study leave. Developmental discussion needs for temporary employees are assessed case-by-case.
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employee	Responsibility, p. 27-28, Board of Director's Diversity; Corporate Governance Statement, p. 135	
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418-1	Number of legitimate complaints about customer privacy violation and customer loss	Responsibility, p. 19	

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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Evli's own material CSR topics			
Responsible investments			
	Engaging with investment objects on environmental, social and governance matters	Responsibility, p. 21	
Customer satisfaction			
	Customer satisfaction	Responsibility, p. 19	
Taxes and tax footprint			
	Total tax	Responsibility, p. 24	
Direct impacts of own operations			
	Decreasing amount of air travel	Responsibility, p. 25	

Task Force on Climate-related Financial Disclosures report

Evli has committed to support the Task Force on Climate-related Financial Disclosures (TCFD) and published its first TCFD-report in 2020. This annex includes updated information about Evli's climate risks and possibilities as well as information about the progress of Evli's climate work in 2020.

Introduction

In August 2019, Evli became a public supporter of the TCFD with the goal of developing Evli's own climate risk reporting. The TCFD is an international climate risk reporting framework designed to improve reporting on the economic impact of climate change by making it clearer, more comparable and more consistent.

It is important for asset managers and other investors to be able to identify and assess the economic impact of climate change on both their own operations and those of investment companies. The transition to a low-carbon economy is changing the business environment and companies are also exposed to the physical effects of climate change. On the other hand, climate change also creates opportunities for companies that offer products or services that contribute to climate change adaptation and mitigation.

Reports based on TCFD's recommendations provide stakeholders of the company information on:

1. the management of climate-related risks and opportunities (role of the Board of Directors and the management)
2. the actual and potential impact of climate-related risks and opportunities on the company's business, strategy and financial planning
3. the company's processes for identifying, assessing and managing climate risks
4. the indicators and targets for assessing and managing climate-related risks and opportunities.



Management

Evli's Board of Directors and Executive Group regularly address climate-related issues as part of a broader debate on responsibility. Evli's Head of Sustainability regularly attends Board and Executive Group meetings. In addition to the work carried out by the Board of Directors and the Executive Group, Evli has a Responsible Investment Executive Group, which decides on the principles and practical procedures of responsible investments at Evli. The members of the Executive Group include the CEO, executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the Responsible Investment team.

Under the supervision of the Head of Sustainability, the Responsible Investment team is responsible for coordinating and developing ESG matters in funds and discretionary portfolio management, and for engaging with companies. **Evli's Principles for Responsible Investment** define Wealth Management's approach to responsible investment. Wealth Management also observes **Evli's Principles for Climate Change**, which describe Evli's practices for addressing climate change and its implications on investment activities. The Responsible Investment team monitors the implementation of the UN Global Compact principles and Evli's Principles for Climate Change and has the right to exclude individual companies from investments.

Portfolio managers also take ESG matters, including climate issues, into consideration when analysing potential investments and making investment decisions. Portfolio managers

The responsible investments governance model

Responsible Investment Executive Group

- Decides on the principles and practical procedures of responsible investing
- Members: CEO, executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the Responsible Investment team
- Regular meetings on a quarterly basis
- Reports to Evli's Executive Group.

Responsible Investment team

- Monitors the implementation of the UN Global Compact principles and Evli's Principles for Climate Change. Has the right to exclude individual companies from investments
- Responsible for engaging with companies
- Report to the Responsible Investment Executive Group.

Portfolio Managers

- Take ESG matters into consideration when analysing potential investments and making investment decisions
- Responsible for implementing the Principles for Responsible Investment and ESG integration
- Reports to the Responsible Investment team on companies that violate the Principles for Responsible Investment.

are responsible for implementing the Principles for Responsible Investment and ESG integration in portfolio management.

Strategy

At Evli, responsibility has been an integral part of portfolio management for many years. In January 2020, Evli raised responsibility to one of its strategic focus areas for the coming years. Regarding climate change, Evli is actively working on setting its own climate change targets. Climate change mitigation has always been important to Evli, and Evli wants to create products that meet the challenges of climate change and set concrete goals for Evli's operations.

As an asset manager, Evli's most significant climate risks and opportunities are related to investment activities, as Evli's own operations do not cause significant direct environmental impacts. Evli is committed to reducing energy and CO₂ emissions at its premises and avoiding unnecessary travel. Thus, Evli's strategy focuses on addressing climate-related risks and opportunities and their impact on Evli's products and investment strategies.

The TCFD divides climate change-related risks into risks related to the transition to a low-carbon economy and to the physical impacts of climate change. Transition risks are financial risks that are caused by the transition towards a low-carbon economy. These include risks arising from changes in policy, regulation, technology and markets that, if realised, may affect the market value and returns of investments. As clients' climate strategies evolve, Evli must also ensure that its products and services meet their changing needs. Investing in companies deemed to contribute to climate change will also increase the reputational risk associated with investment activities.

Physical risks, on the other hand, are economic risks linked to the physical effects of climate change, which may arise from particular events or long-term changes in the climate. In Evli's

investment activities, physical risks can materialise through, for example, real estate investments, which may be increasingly exposed to extreme weather events and damage caused by sea-level rise or floods as a result of climate change. However, the physical effects of climate change are not limited to real estate investments, but also affect other asset classes such as equity and corporate bonds. In these asset classes, for example, industries dependent on foreign raw materials may be vulnerable to increasing extreme weather conditions.

Climate change also brings opportunities for investors. These include investments in companies that take advantage of opportunities relating to climate change mitigation and adaptation. In addition, climate change will increase the market for sustainable investments (e.g., green bonds), providing opportunities for new product development. For instance, in the fall of 2019, Evli organised the first ever issue of a structured Green Note on the Finnish market. The proceeds from the issue will be used to finance sustainable development projects. In addition, in 2020 Evli launched the Evli Green Corporate Bond fund, a new investment fund focusing on green corporate bonds and a new forest fund, Evli Impact Forest Fund I, which seeks to mitigate climate change by achieving positive carbon effects. In the case of the forest fund, which is part of the alternative investment funds, the return premium received by Evli depends on the achievement of the fund's carbon sequestration target.

Evli has analysed the sustainability of its investment strategy by conducting scenario analyses on a few of its investment portfolios. However, Evli still believes that both the tools available and the quality of data used in the analyses should be better in order to be able to assess and report with sufficient accuracy on the potential impacts of climate risks and opportunities in different global warming scenarios.

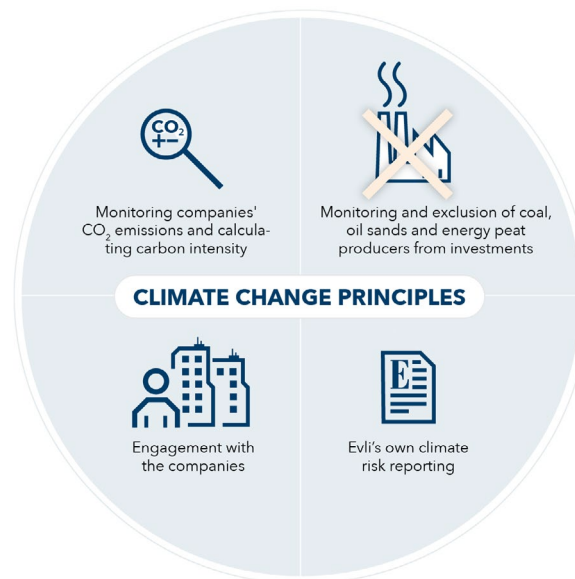
Risk Management

Evli's Principles for Climate Change establish the foundation for observing and managing climate change and its impacts on investment activities. The identification and assessment of climate risks are based on an analysis of the investment by portfolio managers and the Responsible Investment team. The measures used in climate risk management are based on the Principles for Climate Change and include analysing and monitoring the greenhouse gas emissions as well as engaging with companies and excluding companies. Evli uses external service provider's data to monitor the Principles for Climate Change and in other daily responsible investing work. The data is also used by the company's portfolio managers in investment decisions.

The emissions of companies in Evli's equity and fixed income funds are monitored by analysing, in accordance with the TCFD's recommendations, the funds' weighted average carbon intensity, which measures the portfolio's exposure to carbon-intensive companies. Emission data, among other ESG data, is integrated into the portfolio management systems and this way Evli is also able to monitor and evaluate the development of climate risks in the investments. In addition, Evli has excluded companies that manufacture peat for energy production and avoids investing in companies that earn a significant part of their revenue (at least 30 percent) from the mining of thermal coal or its use in energy production. If a company has a credible plan to reduce its use of thermal coal, the Responsible Investment team may decide to deviate from the exclusion. In 2020, the climate principles were tightened and companies with more than 30 percent of their revenue coming from oil sands extraction were added to the exclusion list.

Evli also sees engagement with companies as one way to manage risks related to climate change and seeks in its engagement work to encourage companies to report in line with the TCFD's recommendations. In addition, Evli participates in a number of investor initiatives (more information on page 8) aimed at, among others, influencing companies at risk from climate

Evli's climate change principles



change, and at encouraging governments to take more ambitious measures to mitigate climate change. In addition to these measures, Evli regularly monitors changes in climate change regulation.

Indicators and targets

Evli regularly monitors the development of the carbon footprint of its equity and fixed-income funds by calculating their weighted average carbon intensity, that is, by analysing Scope 1 and 2 emissions¹⁾ for each investment, comparing them to the company's revenue and weighting each investment with its relative share in the portfolio. The carbon intensity of a fund is compared with the corresponding figure in the fund's benchmark index.

Evli has excluded Scope 3 emissions¹⁾ because they are not yet widely reported by companies and are still largely based on estimates.

While carbon footprinting helps to outline the emissions profile of investments, it is not a perfect indicator to illustrate the emission characteristics of a portfolio or help assess future emission trends or emission reduction opportunities. For this reason, Evli also analyses the proportion of companies owning fossil fuel reserves and compares them with the fund's benchmark index. In addition, Evli is also analysing the companies' transition to low carbon, by dividing the companies into different categories according to the risks and opportunities associated with the companies' energy transition. This enables Evli to assess the potential for reducing the fund's carbon footprint in greater detail and to identify companies that are exposed to risks related to climate change. Evli also regularly explores new tools to better measure the actual impact of investments on various stakeholders and the environment, including the impact on climate change.

In line with its responsible investment objectives, Evli updated the ESG reports of its funds in 2020 and they are publicly available on www.evli.com. In the future, Evli seeks to make its reporting more forward-looking, by using, for instance, scenario analysis. As this work progresses, Evli will also look into setting targets for managing the risks and opportunities associated with climate change in its investments. Evli is currently investigating, for example, when it would be possible for Evli's portfolios to achieve carbon neutrality.

¹⁾The calculation of carbon footprint figures is defined by the international standard GHG protocol (Greenhouse Gas Protocol), for example. The GHG protocol breaks down greenhouse gas emissions into scopes 1-3. 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. Scope 3 includes indirect emissions related to the company, including those from products, outsourcing, and business travel.

	Carbon intensity (1) (t CO ₂ e / USD million)	Compared to benchmark (2)	Weight of companies owning fossil fuel reserves (3) (%)	Compared to benchmark (2)	Coverage / Fund (4)	Coverage / Benchmark index (4)	Investments in Solutions category in the MSCI's Low Carbon Transition classification (5)
Equity Funds							
Evli Emerging Frontier	473.3		1.6%		20.9%		
Evli Europe	249.9	71.8%	0.0%	-8.3%	98.5%	99.7%	7.9%
Evli GEM	944.0	263.2%	14.0%	5.1%	88.2%	99.8%	2.2%
Evli Japan	113.5	51.0%	0.0%	-5.1%	95.8%	100.0%	4.7%
Evli Global	48.1	-65.5%	0.0%	-5.3%	99.3%	99.7%	5.4%
Evli Global X	48.3	-65.4%	0.0%	-5.3%	98.7%	99.7%	5.2%
Evli Equity Factor Europe	57.4	-60.5%	0.2%	-8.1%	99.5%	99.7%	7.4%
Evli Equity Factor Global	44.0	-68.5%	0.1%	-5.2%	99.5%	99.7%	5.7%
Evli Equity Factor USA	41.4	-69.1%	0.0%	-3.6%	97.7%	99.7%	5.3%
Evli North America	78.4	-44.5%	0.9%	-3.1%	98.2%	99.7%	4.0%
Evli Nordic	55.4	-51.4%	0.0%	-1.9%	93.5%	99.8%	11.4%
Evli Sweden Equity Index	34.8	0.0%	0.0%	0.0%	99.6%	100.0%	2.6%
Evli Swedish Small Cap	33.9	-47.4%	0.0%	-2.3%	80.5%	90.9%	1.3%
Evli Finland Mix	185.5		0.0%		67.7%		6.5%
Evli Finnish Small Cap	65.9	-41.0%	0.0%	0.0%	43.8%	62.1%	9.0%
Evli Finland Select	352.9	29.8%	0.0%	0.0%	81.1%	88.0%	1.9%
Fixed Income Funds							
Evli Green Corporate Bond	178.6	-42.7%	3.1%	-9.4%	86.6%	96.0%	11.1%
Evli European High Yield	213.4	6.8%	0.4%	-4.1%	66.5%	83.7%	
Evli European Investment Grade	138.6	-28.3%	2.1%	-9.4%	89.9%	95.9%	2.9%
Evli Emerging Markets Credit	820.1	3.3%	10.9%	-7.6%	71.9%	89.1%	2.5%
Evli Euro Liquidity	263.6		2.2%		53.8%		3.3%
Evli Short Corporate Bond	166.2		1.4%		83.2%		5.1%
Evli Nordic Corporate Bond	189.2	24.5%	0.0%	-8.4%	72.3%	95.8%	7.5%
Evli Target Maturity Nordic Bond	189.4		0.0%		52.5%		5.4%
Evli Corporate Bond	180.3	1.2%	1.5%	-7.5%	82.9%	93.4%	3.0%

Sources: Evli, MSCI ESG Research.

1) Evli uses weighted average carbon intensity to measure carbon footprint. A 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. After that, company-specific carbon intensity is multiplied by the company's portfolio weight. The fund-specific carbon footprint is a 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.

2) Compared to benchmark figure shows how the fund compares to corresponding figures for the benchmark index. As it is not possible to calculate this figure to all benchmark indexes, some sections are left blank.

3) Weight of companies owning fossil fuel reserves shows the share of companies owning coal, gas or oil reserves in the fund. In this report coal reserves refer to use of coal in energy production (thermal coal).

4) Coverage indicates the share of fund's/index's holdings (measured by market value) for which emissions data is available. The emissions data is based on emissions reported by the companies or other publicly available emissions data (e.g. CDP) and the data provider's estimate of emissions.

5) Shows the share of companies which have been classified in MSCI's Low Carbon Transition Classification to Solutions category. 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.



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