



Responsible Investment Policy

eQ Asset Management

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1. Introduction

eQ implements responsibility and sustainability both at Group level and in eQ Asset Management's investment operations and Advium's corporate finance operations. eQ Fund Management Company Ltd. has outsourced the portfolio management and investment operations of all the funds it manages to eQ Asset Management Ltd.

eQ Asset Management (eQ) has for several years acted as an active forerunner for responsible investment. eQ signed the United Nations Principles for Responsible Investment (UN PRI) in 2010 and has accordingly undertaken to incorporate ESG factors (the environmental, social and governance) as part of the investment processes, to be an active owner and to promote the development of responsible investing practices in the industry. eQ is also an active member of Finsif (Finland's Sustainable Investment Forum), and Finance Finland.

Furthermore, eQ promotes the implementation of sustainability in private equity funds at the Finnish Venture Capital Association (as the chair of the ESG working group), Invest Europe and ESG Data Convergence Initiative (EDCI) as well correspondingly for real estate investments, at Finnish Property Owners Rakli, at Green Building Council Finland (FIGBC), and in the GRESB (Global Real Estate Sustainability Benchmark) assessment. In fixed income and equity investments eQ has signed CDP's Climate Change programme and encourages investment targets to specify emission reduction targets for their own operation, based on science, through the Science Based Target Initiative (SBTi) organised by the CDP.

eQ Asset Management's principles for responsible investment form a framework for all of the Group's investment operations and their processes. The principles cover all asset classes, and their application varies depending on the asset class and investment method. eQ Asset Management's principles for responsible investing have been approved by eQ Asset Management's Board of Directors and are based on policies concerning responsible investment defined by the Board.

2. Responsible and sustainable investment at eQ Asset Management

eQ complies with the requirements of the EU Sustainable Finance Disclosure Regulation (SFDR, 2019/2088) and regularly reports on the implementation of the regulation in eQ's investment products and client portfolios.

Responsibility and sustainability are a key part of eQ Asset Management's investment activities and processes. In practice, this means that sustainability risks and opportunities are integrated systematically and practically in the selection, monitoring and reporting of investments in all of eQ's investment areas (Disclosure Regulation (EU) 2019/2088, Article 3). Our target is to identify investments that benefit from sustainable operation and their potential for return, and to reduce the risk in investments.

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment (Disclosure Regulation (EU) 2019/2088, Article 2(22)). Potential realisation of the sustainability risk in an investment can cause a negative impact on the value of the investment, and on the surrounding society and/or environment in general. The material nature of sustainability risks varies in different sectors and business models, and investments can also be exposed to sustainability risks through their value chains. The table on the next page lists typical sustainability risks that can possibly be identified in investment products. eQ's brochures and rules on investment products describe in detail how sustainability risks are taken into account in investment decisions for each product and what any product-related sustainability are.

Environmental risks	Social risks	Governance risks
Ability of businesses to consider climate change in their operation	Risks to employees' health, safety and well-being	Inadequate management of sustainability factors in business
Questions related to energy and material efficiency	Human rights violations	Questions related to the composition of the Board of Directors
Exposure to scarcity of water	Realisation of diversity at the workplace, and sustainable development of human capital	Action against corruption and bribery
The challenges of waste amount and processing	Endangerment of product safety	Questions related to cybersecurity, protection of information, and data protection
Risks related to biodiversity	Risks associated with the management of the supply chain	
Questions related to the production and purchase of renewable energy (real estate investments)	Decrease in customer satisfaction	
The climate resilience of real estate, i.e. the ability to adapt to changes caused by climate change in the surrounding business environment now and in the future	Violation of the rights of indigenous peoples	

eQ is also committed to considering the principal adverse sustainability impacts in investment decisions, and to collecting Principal Adverse Impact (PAI) indicators of its investments which are used for monitoring any adverse sustainability impacts in investments (Disclosure Regulation (EU) 2019/2088, Articles 4 and 7). A statement on the principal adverse sustainability impacts of investment decisions is available on eQ's website. PAI indicators are reported for all asset classes (excl. North American private equity investments and venture capital investments) in which eQ invests.

The Director for Responsible Investment is responsible for coordination of the implementation and development of responsible investing at eQ Asset Management for all of eQ's funds and their investment activities. Supervisors of investment teams (fixed income, equities, real estate investments and private equity investments) are responsible for the implementation and monitoring of ESG in their own investment teams. Every portfolio manager and analyst working on investment decisions at eQ systematically takes into account sustainability factors pertaining to investments in their own work. In addition, risk management & compliance and the CFO of eQ's Group Administration take part in the SFDR and ESG reporting of investment products, monitoring of regulation amendments, and sustainability reporting at Group level.

eQ informs our clients of eQ's responsibility policies and practices and talks to them about their expectations for responsible investing. If a client has their own policy of responsible investing, it is included in the management of client assets to the extent possible. In addition, eQ examines the sustainability preferences of clients within the scope of investment advice in accordance with MiFID

II regulation. eQ organizes customer events on ESG themes and offers training to its customers according to their needs, for example, in questions related to the regulation of sustainable finance.

eQ's entire staff and investment teams are also constantly trained on current sustainability themes and trends. Also in its induction program, eQ commits new employees to comply with and implement eQ's principles and procedures on responsible investing.

eQ Plc's Board of Directors is reported once a year on implementation of responsibility and responsible investment and on future development activities in all of eQ's areas of investing. Furthermore, eQ Fund Management Company's Board regularly discusses reports according to the Disclosure Regulation concerning investment areas. eQ also annually reports to PRI on the company's practices in responsible investing and on concrete engagement activities in the investees.

3. Responsible and sustainable investing as part of investment processes

3.1 Equity and fixed income investments

eQ's key responsible investment approaches are ESG integration into investment practices, active ownership and engagement, and Article 9 equity fund industry-specific exclusion. In addition, in the selection and monitoring of eQ's actively managed investment targets, the possible realization of norm violations against the principles of the UN Global Compact is taken into account. If the company has a verified norm violation, and the company's operations do not meet the requirements of good governance, eQ will not invest in it.

eQ evaluates the fund's target companies with regard to matters related to the environment, society and governance, i.e. ESG factors, both before investment decisions are made and during ownership. Investment targets are monitored regularly and engagements efforts are made to influence the company's operating methods. Engagement is done by having a direct responsibility dialogue with the companies, participating in the company's general meetings if necessary, and by influencing the companies through influence initiatives, either alone or together with other investors. eQ's engagement activities are related to climate change mitigation, consideration of biodiversity, compliance with human rights, anti-corruption measures, consideration of environmental issues, good governance and reporting of responsibility factors.

eQ reviews all investment targets in interest and equity funds actively managed by eQ using its defined sustainability metrics. Sustainability indicators include the amount of emissions of the target companies, the development of carbon intensity, commitment to emission reduction targets (science-based emissions target SBTi), assessment of principal adverse impacts (PAI indicators) and the company's readiness to manage the risks and opportunities of the transition to low-carbon, as well as the predicted development of companies' emissions in the Article 9 equity fund and the fund's assumed temperature increase in relation to the target according to the Paris climate agreement. eQ also investigates the number of norm violations against the UN Global Compact principles that occur in the target companies. In addition, eQ utilizes an external service provider's assessment of the development of the company's responsibility. This assessment is the so-called "second opinion" for the portfolio manager's own ESG assessment of the investment targets.

In eQ's government bond fund eQ monitors, among other things, the development of issuers' (states') carbon intensity, warming scenarios for states, the number of states on the EU sanctions list, implementation of the rule of law, freedom of the press and the occurrence of public sector corruption in issuing states.

eQ uses environmental and social responsibility indicators to the extent that relevant information is available. eQ uses third-party (MSCI, ISS ESG and Bloomberg) data for monitoring. eQ regularly

evaluates the timeliness of used data suppliers and sustainability indicators. In addition, eQ expects that the supplier of the used data regularly evaluates the up-to-dateness of the information it supplies and the methodology related to its production.

For any external asset manager, eQ always finds out before the actual investment if the asset manager has signed the UN's Principles for Responsible Investment, if the asset manager has a policy for responsible investment, what ESG resources and processes and reporting practices it uses, and how EU regulation on sustainable financing is implemented in the asset manager's operations. eQ monitors any changes in the aforementioned matters with an annual ESG survey sent to the funds. eQ expects existing partners to provide regular sustainability reports and a summary of annual voting activity and the dialogue with the investees.

Fund-specific SFDR information is described in more detail at www.eq.fi.

3.2 Private equity, private credit and venture capital investments

Factors related to sustainability and responsibility are systematically taken into account in eQ's private equity and private credit investments (investment selection, monitoring and reporting), and eQ aims to take them into account in venture capital investments as well. If an external advisor is used in the funds, eQ requires them to meet sustainability criteria and carry out ESG due diligence when choosing investment targets. The practices regarding ESG monitoring vary as described below.

Private equity investments

Sustainability is always part of the investment decision. As part of the investment process, the aim is to identify the sustainability risks and opportunities related to the target funds on a large scale. When evaluating the responsibility and sustainability of a potential target fund's management company, eQ starts from the basics, which are the attitude related to responsibility and the written policies and guidelines. As part of the ESG due diligence report, the descriptions of the responsible investment process, the tools and methods related to the selection and monitoring of investment targets, the metrics set for investment targets, investor reporting and the implementation of the EU sustainable finance disclosure regulation in the processes of regulated private equity fund managers are reviewed. A responsibility assessment is determined for each fund in connection with the due diligence process, the development of which is monitored annually. Aspects related to responsibility and sustainability are included in the legal documentation of the target fund, which include e.g. eQ's commitment to PRI, compliance with international laws and human rights, ESG reporting obligation to eQ and answering eQ's annual ESG survey.

The realization and development of the responsibility and sustainability of the investments is systematically monitored with the help of an annual survey sent to the target funds (starting in 2017) and in active discussions with the managers of the target funds. In addition, eQ actively participates in the annual meetings of target funds and in the work of the investor council (advisory board).

eQ's North America private equity funds use an external advisor who is also responsible for making an ESG assessment. For North American funds, eQ does the ESG monitoring itself.

The ESG assessment focuses on the following perspectives:

- ESG practices in investment activities,
- PRI's commitment,
- Availability of ESG reporting and
- Measurement and reporting of PAI indicators/ESG metrics in the ESG Data Convergence initiative

Based on the results of the ESG survey, the responsibility assessment of each target fund is updated and the results and success in the comparison group are reported to each target fund. eQ has active discussions with the managers of the target funds if the responsibility rating is bad or declining. In addition to this, eQ actively strives to promote the development of responsibility practices and the sharing of best practices in the target segment in which it operates, e.g. through webinars. Also with regard to North American funds, the aim is to promote the development of responsibility practices through active actions by the adviser.

In addition to its own operations, eQ also wants to be actively involved in promoting the realization and development of responsible investment practices in the capital investment industry. eQ works, among other things, through the ESG working group of FVCA.

Venture capital investments

eQ's venture capital funds use an external advisor. eQ VC's target funds are assessed for responsible investment (ESG). It is typical in the venture capital field that fund managers do not report on the ESG development of target companies. ESG is an important part of eQ's investment process, and eQ, together with the fund's advisor, strives to influence the managers to start including a more systematic ESG approach in their investments and to report on their actions.

Private credit investments

eQ's private credit funds use an external advisor. The advisor is responsible for carrying out ESG due diligence and produces an ESG report on private credit investments and reports on the fulfillment of the requirements of the Sustainable Finance Disclosure Regulation.

3.3 Real estate investments

Real estate and residential funds have been set a carbon-neutral target for energy consumption during use until 2030. The measures to achieve the target are defined in the Low Carbon Roadmap (2020). The achievement of the target is monitored and reported annually to investors. The set carbon-neutral target is strongly reflected both in the acquisition process for properties and in measures to promote responsibility and sustainability during ownership. eQ's real estate and residential funds are contributing to the realization of the environmental criterion regarding adaptation to climate change mentioned in the EU taxonomy regulation.

The funds' key responsible investment approaches are the integration of ESG into investment practices and active ownership and real estate development.

During the real estate acquisition phase, the necessary due diligence reports are always drawn up, also taking into account the aspects of sustainability. Technical and environmental due diligence includes, among other things, a condition assessment, energy systems and sources, compliance with official requirements, indoor air, zoning, usage history, soil, radon mapping and flood risks. Sustainable modes of transport, the location of the site from the point of view of public transport and the management of life cycle costs are also evaluated. Energy-efficient and environmentally friendly material choices and design solutions are preferred in new locations.

During the period of ownership, measures are taken to promote responsibility and sustainability in individual properties. Among other things, consumption data for all sites (energy, water, waste) is collected, deviations are monitored and measures are taken based on the data. In addition, measures to improve energy efficiency are carried out in connection with, for example, ventilation, heating and cooling systems, lighting and thermal insulation of structures.

eQ's real estate and residential funds have adopted BREEAM certification during use as one of their important tools for monitoring and developing responsibility and sustainability at the property level. BREEAM (Building Research Establishment's Environmental Assessment Method) checks the environmental impact of the building in terms of management, energy and water consumption, materials and traffic. Breeam In Use certification goals with timetables and Very Good target levels have been set for the funds' real estate properties. With the help of certification, the functionality of both the property and its related maintenance functions is assessed, possible deficiencies are identified and development targets are selected.

Environmental and climate matters are a central theme in the sustainability management of real estate investments. In the selections, the aim is to find solutions with as little carbon as possible. Already since the beginning of 2018, purchased electricity produced with renewable energy has been used in real estate funds' properties, and from 2020, green district heating has been used in the majority of properties. In addition, the possibility of using geoenery and solar electricity is always investigated for properties.

The results obtained from the GRESB responsibility assessment at the portfolio level are used as another important work tool in monitoring and developing the implementation of responsibility and sustainability. Since 2019, eQ's real estate funds have participated in the GRESB (Global Real Estate Sustainability Benchmark) international responsibility evaluation of the real estate industry.

Collaboration with significant stakeholders is also key. As an example, let's mention the regular tenant satisfaction survey, the purpose of which is to collect information about the satisfaction and experiences of the users of the sites, to identify development targets for both individual properties and eQ's own operations and processes as well as those of its partners. Cooperation with suppliers used by eQ in liability matters is also important. eQ's suppliers's Code of Conduct is always attached to all contracts (e.g. contract contracts and service providers). eQ and the contractors used by eQ have zero tolerance for the gray economy, underpayment and illegal labor.

The implementation of responsibility and sustainability and its development are part of the daily work of every employee of the real estate team. Consideration of sustainability risks is integrated as a natural part of processes and practices. eQ is committed to continuously developing responsibility and sustainability. eQ treats real estate as so-called as an "eternal owner", in which case it is important to make and implement long-term sustainable solutions for the development of both own processes and the technical properties of real estate sites. In addition, eQ wants to be actively involved in developing the industry and its practices.

Fund-specific SFDR information is described in more detail at www.eq.fi.

4. Exclusion

eQ Asset Management favors active ownership, engagement and development in the ESG approach of all asset classes. In terms of ESG, even a weak company can be an investment target, if the company nevertheless actively and purposefully implements a change in its operations or product portfolio, measures the change and reports on it. eQ believes that instead of exclusion, active engagement work, especially in environmental matters, is a more effective way to develop things in a positive direction, both at the level of the company and society.

4.1 Limitations regarding investments

Equity and fixed income funds

- If the company has a verified breach of norms contrary to the principles of the UN Global Compact, and the company's operations do not meet the requirements of good governance, eQ will not invest in it.
- If the company has a verified norm violation related to controversial weapons (cluster bombs and chemical weapons), eQ will not invest in it.
- eQ Blue Planet Fund (Article 9): the following industries are excluded from the fund: fossil energy, gambling, alcohol, tobacco, weapons and defense industry, and soft drinks.

Real estate and residential funds

- eQ Community Properties, eQ Commercial Properties and eQ Residential funds (Article 9): such properties are excluded from the funds, which are not contributing to the achievement of the carbon neutrality target set for the funds.

The UN Global Compact principles are consistent with the following universal principles: the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption.

5. Ownership policy

Ownership is a key part of eQ's responsible investment policy, which is implemented in investment operations and its processes in all eQ's investment areas. In investment activities, eQ pays attention to the fact that the investment targets operate in accordance with good governance and take into account, in addition to financial aspects, also the sustainability factors that are essential for the target, i.e. factors related to the environment, society and governance in accordance with eQ's responsible investment policy.

The working tools of active ownership are engagement and using the right to vote. Investment targets are monitored regularly and efforts are made to influence the operating methods of the companies. Engagement is done by having a direct responsibility dialogue with companies and, if necessary, participating in company meetings. In addition to that, companies are influenced through partners and influence initiatives, either alone or together with other investors. For example, ISS ESG reviews the norm violations of all eQ's fixed income and equity funds and in cases of norm violations directly affects the company and monitors the development. eQ uses voting rights at general meetings as needed. eQ Asset Management Ltd's ownership policy describe eQ's active ownership practices in more detail.

6. Reporting

eQ regularly reports to its clients on the realization of responsibility and sustainability in all its investment areas. eQ produces an ESG report every six months on fixed income and equity funds, real estate and housing funds and client portfolios. Regarding private equity, private credit and venture capital investments eQ produces an ESG report every year. PAI indicators are reported annually for



all investment areas (excl. North American private equity investments and venture capital investments).

Sustainability details, reviews and reports concerning eQ and the investment products are available on eQ's website.

7. Approval of eQ Asset Management's principles of responsible investing

The principles of eQ Asset Management's principles of responsible investing are evaluated on an annual basis and updated as necessary. They as well as eQ Asset Management Ltd's ownership policy are available on eQ's website.