

Sustainability





Sustainability develops in all actions taken by eQ

We now publish the Sustainability Report for the seventh time as part of our Annual Report. For us, it is very important to report on the realisation of sustainability in our business operation transparently. We have actively and for a long time encouraged our investees to report on corporate responsibility and to develop the contents and quality of their reports.

Our values “honest, open, competent and efficient” guide the work of every eQ employee and constitute the foundation for daily co-operation with clients, partners and other key stakeholders. Customer satisfaction at our largest clients (SFR) and satisfaction of personnel (our own biannual survey) remained at excellent levels in 2023 also.

We also find it very important that every eQ employee has good competence in sustainability matters and up-to-date information on them. Subjects on the training agenda in 2023 included an update of the EU Sustainable Finance Disclosure Regulation and the Taxonomy Regulation, the success of eQ’s real estate funds in the GRESB assessment, collection of PAI indicator data on eQ’s areas of investment and study of data contents, and review of the concept of greenwashing and its manifestation.

Sustainability within eQ Group is at an excellent level. As a result of the successful sustainability performance at Group level, eQ Plc has been awarded the international ISS ESG Prime responsibility rating. eQ Plc is also included in the Nasdaq OMX Sustainability Finland index.

In late 2023 eQ Asset Management once again achieved excellent results in PRI’s 2022 assessment. We succeeded much better than the median in all six sections the company reported. The grade of eQ’s listed shares and real estate investments has been among the best (five stars) for a long time. Corporate loans climbed to the best category (five stars) for the first time. Private equity investments achieved a grade of four stars. A new area in the assessment was confidential building measures where the results were also good.

In this eQ Group’s Sustainability Report, we also briefly present the most important events concerning ESG matters in 2023 in the various asset classes. Detailed ESG information is available in our fund-specific ESG reports, and we provide our portfolio clients with reports on the ESG situation of the entire portfolio as a summary.

Emission reduction targets were the theme of engagement in eQ’s fixed income and equity investments in 2023. eQ implemented a climate survey to investments of funds which have not yet used MSCI’s data to set an emission reduction target for their own business operations. The answers provided important further information about the companies’ situation and future plans regarding emission reduction targets. This survey and discussions with

businesses again demonstrated the importance of a portfolio manager’s own ESG activity and engagement in investees.

Sustainability reporting of eQ’s real estate investments was reformed in 2023. During the reporting reform, we carefully assessed ESG information collected on properties and improved the data collection processes. The new ESG reports of real estate funds are published in early 2024 and ESG reports of residential funds later in the spring. Another important development project was related to the taxonomy compliance assessment of properties, and we describe its results in this report in greater detail.

The year 2023 was also very active from ESG activity in eQ’s private equity investments, and a great deal of concrete development work was completed. In spring 2023 eQ collected PAI indicators on eQ’s European private equity target funds and reported them to investors for the first time. In November eQ PE won international recognition at the Private Equity Exchange & Awards in Paris.

We are already looking ahead to 2024 with great interest. Our own systematic and concrete work on sustainability will continue in all of our areas of investing. We also closely monitor the launch of the Corporate Sustainability Reporting Directive (CSRD), which takes effect at the beginning of 2024, at large listed corporations. eQ will be covered by sustainability reporting in 2025 and publish its first report in 2026.

Now is the time to thank our clients and partners. You challenge us to ponder topical new themes and trends in responsibility and sustainability, and to develop our approach on this basis. We will be happy to meet this challenge going forward.

We hope that you enjoy reading our 2023 Sustainability Report.

Sanna Pietiläinen

Director, Responsible Investment



Sustainability Report 2023

Sustainability and its reporting in eQ Group

eQ Group is a Finnish group of companies that concentrates on asset management and corporate finance business. The parent company eQ Plc's shares are listed on the main board of Nasdaq Helsinki.

Sustainability reporting describes eQ Group's role as a responsible actor in relation to its stakeholders and society at large. eQ wishes to ensure the transparency and openness of its operations by reporting on its sustainability work and its development regularly and extensively. Even though eQ Group, based on its size and operations, is not obliged to draw up a non-financial report required by the Finnish Accounting Act, since 2017 the Board of Directors of eQ Plc has decided to voluntarily report on its sustainability to shareholders, clients and other major stakeholders. eQ Group's 2023 Sustainability Report has been approved by the eQ Plc's Board of Directors, and it is published as part of the 2023 Annual Report.

eQ Group's responsible operations

Responsible operations are a key part of eQ's entire business. We act in a responsible and sustainable manner as eQ Group and integrate this work systematically and in practice to eQ Asset Management's investment operations and Advium's corporate finance operations. eQ's values (below) are at the core of the Group's work culture. They guide the work of each eQ employee and constitute the foundation for daily co-operation with clients, partners and other key stakeholders.

eQ Group's values

HONEST

We are honest and reliable, true to our word. We act correctly and responsibly. We comply with the regulation of the financial industry and eQ's joint rules.

OPEN

We are easily approachable and discuss all matters openly. We do not cover up mistakes or problems, we learn from them. We rejoice successes together. We also respect dissimilarity.



COMPETENT

We want to understand our clients' needs. We constantly develop our professional skills and procedures. We dare to question matters. We share information, provide assistance and give feedback.

EFFICIENT

We do what we promise briskly and carefully. We do the work, we do not simply talk and plan. We work diligently and with an uncompromising attitude together with our clients, colleagues and partners.

eQ encourages the companies in which it invests to provide transparent stakeholder information and develop their sustainability reporting, regardless of the size of the company or the regulatory requirements. More information about sustainability, the related principles and other relevant documents can be found on eQ’s website (<https://www.eq.fi/about-eq-group/sijoittajat/vastuullisuus>).

Sustainability themes

eQ has identified in its own business four essential areas that create the framework for sustainability. The sustainability themes have been approved by eQ Plc’s Board of Directors. The section below describes in detail what these four themes mean in practice.

At Group level, the Management Team is responsible for sustainability, and the work is conducted in close co-operation with eQ’s Director for Responsible Investment. eQ Plc’s Board of Directors receives annual reports on how sustainability has been carried out within the company as well as on future development plans.

Training related to sustainability

We provide our employees with continuous training in sustainability matters. Items on the training agenda in 2023 included a review of the EU Sustainable Finance Disclosure Regulation and the Taxonomy Regulation from eQ’s perspective, the success of the real estate funds in the GRESB assessment, the concept of greenwashing and its manifestation, and a discussion of the eQ Group’s substance abuse programme.

In its induction programme, eQ commits new employees to comply with and implement eQ’s principles and procedures on responsible investing. In 2023 the company organised three induction trainings for new employees related to sustainability. New employees complete e-learning on the Code of Conduct as part of their induction.

Sustainability within the Group is at an excellent level

As a result of the successful sustainability performance at Group level, eQ Plc has been given the international ISS ESG Prime responsibility rating. ISS assesses how responsibility matters are carried out by a company with regard to environmental, social and governance aspects. The ISS ESG Prime rating is awarded to companies that reach or exceed the criteria for the best ESG practices defined by ISS ESG. eQ Plc was among the best tenth in its sector regarding responsible operations.

eQ Plc is included in the Nasdaq OMX Sustainability Finland index. The index consists of 40 companies ranked best on Nasdaq Helsinki in terms of sustainability criteria. In order to promote openness and transparency eQ has already for five years reported key ESG ratios describing operations based on sustainability reporting to the ESG database maintained by Nasdaq. In recognition of this, Nasdaq has awarded eQ Plc with the “Nasdaq ESG Transparency Partner” certificate.

GOOD GOVERNANCE	CLIENTS	THE ENVIRONMENT	PERSONNEL
<ul style="list-style-type: none"> Adherence to the law, internal instructions, policies (such as the policy on conflicts of interest) and Code of Conduct Transparent reporting on costs also Proactive activities against corruption, bribery and money laundering, as well as promoting these activities in the entire sector eQ Plc publishes a Sustainability Report 	<ul style="list-style-type: none"> An honest, open, competent and efficient partner to eQ’s clients In-depth understanding of customer needs and meeting these needs Monitoring customer satisfaction 	<ul style="list-style-type: none"> Green electricity in our own premises Environmentally friendly guidelines for employees Location of the premises, travel ticket as employee benefit, and bicycle storage Support for the Baltic Sea Action Group (BSAG) since 2019, EUR 120,000 in 2023 	<ul style="list-style-type: none"> Wellbeing at work and monitoring of job satisfaction Equality and diversity Early support programme, programme on substance abuse and gaming addiction Training on sustainability matters for our employees

Responsible and sustainable investment at eQ Asset Management

eQ Asset Management has for several years acted as an active forerunner for responsible investment. eQ signed the United Nations' Principles for Responsible Investment (PRI) in 2010 and has accordingly undertaken to incorporate ESG factors (the environment, social responsibility 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) and Invest Europe and, 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 businesses to specify emission reduction targets for their own operation, based on science, through the Science Based Target Initiative (SBTi) organised by the CDP.

Responsibility and sustainability are a key part of eQ Asset Management's investment activities and processes. eQ Asset Management's principles for responsible investment form a framework for all of eQ's investment operations and their processes. The principles cover all asset classes, and their application depends on the asset class and investment method. These principles have been approved by eQ Asset Management's Board, and they are based on policies on responsible investing specified by the Board. The corporate governance principles of eQ Asset Management Ltd are available on eQ's website.

Sustainability risks and opportunities (ESG, sustainability factors associated with the environment, society and governance) are part of the selection, monitoring and reporting of investments in all of eQ's investment areas. eQ's goal in responsible and sustainable investing is to identify investments that benefit from sustainable operation and their potential for return, and to reduce the risk in investments. For the past three years, the development of the ESG approach has been for its part steered by the EU Sustainable Finance Disclosure Regulation (SFDR) that took effect in March 2021 and its implementation in investment activities.

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.

ESG training of eQ's investment teams in 2023

Implementation of the Sustainable Finance Disclosure Regulation, GRESB results concerning real estate funds, and collection of PAI indicator data and a review of data contents were on the agenda for training of eQ's investment teams in 2023. Also, eQ's fixed income and equity investment team focused on the quality and sources of MSCI's ESG data, and planned and sent

an emissions survey to investments of actively managed funds. The private equity investment team reformed the process on ESG DD and monitoring, prepared a methodology for investment processes of Article 8 products, and collected PAI indicators on Northern European target funds for the first time. During the autumn the real estate investment team implemented a taxonomy compliance assessment on properties and started developing a new ESG report. Carbon accounting on properties was also specified during the development of the ESG report.

Clients

Conversations with clients and training them when necessary are a material part of eQ's customer work. We listen to our clients and learn from them. In 2023 ESG was involved in almost all meetings with clients, and meetings exclusively focused on ESG were also held with many clients.

In 2023 eQ organised for its clients an ESG webinar whose key topics were ESG data obtained from eQ's investment areas, changes in the data and concrete measures taken at investments on the basis of the data.

During the past year eQ's ESG experts were also active in several Finnish and international forums and ESG surveys, promoting the distribution of information based on best practices.

Reporting 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.

eQ Asset Management once again achieved excellent results in the 2023 PRI (the UN Principles for Responsible Investment) assessment. The information that was evaluated pertains to the year 2022.

eQ succeeded much better than the median in all the six sections the company reported. The highest star classification (five stars) was achieved for real estate investments, listed equities and corporate bonds. A new area in the assessment was discussion of information reported to PRI where the results were also good.

The following chapters briefly present the most important events concerning ESG matters in 2023 in the various asset classes. The ESG reports per asset class contain detailed information about our responsible investment operations and the ESG matters that we monitor in our investees.

Fixed income and equity investments

Emissions and emission reduction targets as themes of engagement in 2023
eQ’s portfolio managers monitor target companies for, e.g., the companies’ emissions, the scope of emissions (Scope 1, Scope 2 and Scope 3), their trends and reporting, and the companies’ commitment to the emission reduction target. The Science Based Target (SBT) or the Net Zero target encourages businesses to take concrete action to reduce emissions.

Active engagement – emissions survey of eQ’s actively managed funds

In the spring of 2023 eQ implemented a climate survey to investments of fixed income and equity funds, which have not yet used MSCI’s data to set an emission reduction target for their own business operations (the Science Based Target SBT or the Net Zero target). The survey was sent to 215 companies of which 80 submitted a response. The answers provided important further information about the companies’ situation and future plans regarding emissions.

eQ’s sustainable investment work can be seen as an excellent result in PRI reporting

Reported areas 2023	Score (max. 100%)	Star grade*	Median score %	Median grade
Policy Governance and Strategy	80%	★ ★ ★ ★ ☆	59%	★ ★ ★ ☆ ☆
Direct – Listed equity – Active fundamental	95%	★ ★ ★ ★ ★	71%	★ ★ ★ ★ ☆
Direct – Fixed income – Corporate	96%	★ ★ ★ ★ ★	68%	★ ★ ★ ★ ☆
Direct – Real estate	94%	★ ★ ★ ★ ★	62%	★ ★ ★ ☆ ☆
Indirect – Private equity	88%	★ ★ ★ ★ ☆	60%	★ ★ ★ ☆ ☆
Confidential building measures**	100%	★ ★ ★ ★ ★	80%	★ ★ ★ ★ ☆

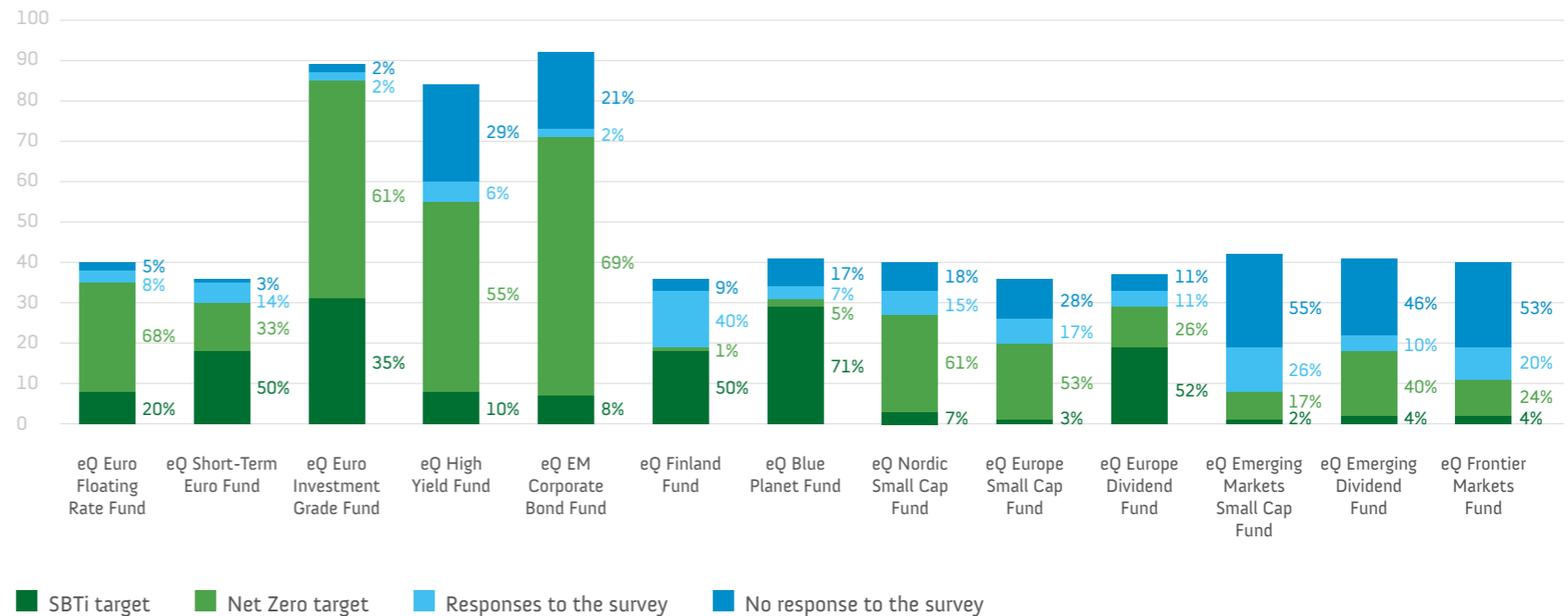
*PRI’s grading system is based on a classification of stars (1 star means “poor” -> 5 stars means “best”). The 2023 star classification range:

% (1 star), > 25 ≤ 40% (2 stars), > 40 ≤ 65% (3 stars), > 65 ≤ 90% (4 stars) and > 90 ≤ 100% (5 stars).

**A new section (‘Confidence building measures’). Includes a discussion of information reported to PRI (such as processes and data) at the company.

Investments in funds with either a SBTi or Net Zero target

Total investments of the fund pcs



Key observations of the emissions survey:

- More than half of the companies in eQ's fixed income and equity funds in emerging markets and in corporate bond funds in emerging markets already have a Science Based Target (SBT) or a Net Zero target.
- Large corporations have an SBT target and smaller enterprises a Net Zero target.
- Some companies stated that they need time to find out the various emission reduction target options. Few companies said that emissions are not an essential part of their business that requires reporting.
- The answers indicate that many companies are gradually expanding emissions reporting to the Scope 3 level, which will clarify the image investors obtain of the total emissions of a company's business operation.
- The survey also provided information about the companies' other emission targets that were not revealed by the SBT and Net Zero screening.
- It was noteworthy that in the eQ Emerging Markets Small Cap Fund, the majority of respondents declared that the company has a specified emission reduction target, and some respondents are even considering an SBT emission reduction target. This suggests that smaller companies are excluded from MSCI's analysis, especially in the emerging markets.

The emissions survey taken in the spring demonstrates the importance of a portfolio manager's own ESC activity and engagement in investees. Besides such engagement, eQ has monitored the trends in setting SBT emission reduction targets for a few years now, and also through the joint engagement initiative organised by the CDP. At the end of 2023, a total of 4 408 enterprises (ca. 4 000 in 2022) had either undertaken to set a target or already had an accepted target. These companies account for more than a third of the value of the global equity markets. The number of accepted targets doubled in 2023 (from 2 709 to 4 204), which is a significant leap in growth. When eQ joined the campaign in 2019, the number of businesses was 495. However, much work remains to be done. Although the majority of targets by companies have been set below the warming limit of 1,5 degrees, CDP's report published in 2022 says that only 24% of the reporting companies (around 5% of total emissions) are about to achieve the target set. Today almost all businesses

have also set their target for the Scope 3 emission level. The Scope 3 category also includes emissions generated by end use of products as well as purchased goods and services, i.e., all indirect emissions.

Other ESG activities

eQ started reporting PAI indicators on fixed income and equity investments back in the summer of 2022, as one of the first asset managers. Reported PAI indicators are available in fund-specific ESG reports on eQ's website (<https://www.eq.fi/fi/funds/fund-values>).

The year 2023 was an interesting and educational time to read up on indicators reported on new investments. However, one must point out that the information available and its quality still involve constraints. Details relating to sustainability have not been standardized yet, and target companies do not report on information extensively, so some of the PAI indicator data available for use may be based on estimates. eQ finds that interpretation of a value of an individual PAI indicator is not yet sensible. As the data improves, PAI indicators will deepen the information about corporate sustainability.

The planned theme for new engagement in spring 2024 is eQ's survey designed to determine how many investees have adopted processes to monitor the implementation of human rights. In addition, portfolio managers will monitor the launch of sustainability reporting (CSDR) at larger investees.

Real estate investments

Reformed ESG reports offer more information than before about the sustainability of real estate investments

eQ's real estate and residential funds are sustainable financial products according to Article 9. eQ is a responsible property owner who wants sustainability measures to lead to concrete and positive development in the energy efficiency of the properties owned and in questions of environmental and social responsibility. eQ has set a tough but realistic carbon neutrality target for in-use energy consumption by 2030.

The reform of eQ's sustainability reporting on real estate investments was a key development project in 2023. Property-specific ESG data (energy efficiency MWh, carbon footprint tCO₂, water m³ and waste t) has been systematically collected since 2018, and the first ESG report on real estate investments was published in 2019. During the recent reporting reform, eQ carefully assessed the ESG data required in analysis and property development, its quality and scope, the data collection process and needs for development in general with regard to data acquisition and reporting. The reporting reform also included a shift to fund-specific ESG reports.

In the future, each fund's ESG report will comprise the fund's basic information as well as ESG ratios and their trends. The report also shows the trend in the fund's ESG scores and carbon footprint, key property development projects and the results of a tenant satisfaction survey. Waste recycling rate was introduced as a new ratio in reporting. Since the summer of 2023, real estate funds have monitored the waste recycling rate and at the same time taken concrete measures (such as facility arrangements to facilitate sorting, site-specific recycling and sorting guides for tenants) to improve the recycling rate. The recycling rates at the end of 2023 were: eQ Commercial Properties 57% and eQ Community Properties 37%. In Finland the recycling rate is approximately 40%.

The significance of ESG data has increased through regulation also. The EU's SFDR regulation and the Energy Efficiency Directive that took effect in October 2023 for their part increase the need for data collection and reporting requirements, and eQ wants to respond to these with the reformed ESG reports. ESG reports of real estate funds are published in early 2024 and ESG reports of residential funds later in the spring.

Another important development project in 2023 was related to the taxonomy compliance assessment of properties. eQ's Article 9 classified real estate and residential funds monitor and report the share of properties meeting the taxonomy compliance criteria in the funds.

The taxonomy compliance assessment first determines whether a property is nationally in the top 15 per cent in energy efficiency (E rating). The assessment specifies for a property an imputed energy efficiency comparison rating (kWh/m²/year), i.e. an E rating. The lower the E rating, the more energy-efficient the building. After this, at least a climate risk review is carried out on properties which takes into account the environmental objective for climate change adaptation specified in the EU’s Taxonomy Regulation and its environmental criteria. The climate risk review evaluates which physical environmental risks (chronic and acute ones) can affect properties during their anticipated useful life. These include variation in temperatures, changes in wind and rain conditions, rise of the sea level, and floods. It also assessed adaptation solutions for reducing identified physical climate risks that are materially associated with properties. After the assessment, maintenance-related measures are incorporated into the servicing manual and those of a renovation nature into the long-term maintenance plan. Based on the age of the site, it is also necessary to assess other criteria in accordance with the taxonomy guidelines. In late 2023 the eQ Community Properties Fund included 12 per cent taxonomy-compliant properties and the eQ Commercial Properties Fund 7 per cent taxonomy-compliant properties. Taxonomy compliance assessments will be made on sites in the residential funds also.

One individual new theme worth mentioning is electrical energy storage systems. As renewable energy increases, the need to store energy and balance the electrical network will grow. In recent years Finland has deployed the first electrical energy storage systems (EESS) and building-specific batteries. Energy is stored into a set of batteries when its availability is good. The capacity of an EESS must be at least 1 MW for the investment to be reasonable in an overall economic terms. The best profitability comes from contributing to the balancing of Fingrid’s reserve market, or the electrical network. When the frequency of the main grid deteriorates, power is fed to it from the building’s EESS. Buildings can also store electricity for their own use. The first project related to an EESS has been started on one site of the eQ Commercial Properties Fund.

Excellent ratings in ESG assessments

For the second time, eQ’s real estate investments achieved the highest rating (five stars) in the 2023 PRI assessment (a score of 94% / 100%).

eQ’s real estate funds have participated in the Global Real Estate Sustainability Benchmark (GRESB) assessment in the real estate sector for five years in a row. In the 2023 assessment the eQ Commercial Properties Fund gained four stars out of five for the first time. The rating of the eQ Community Properties was slightly below this, at three stars. The results of both funds were better than the group of respondents as a whole and the averages in eQ’s comparison group. The score grew the most in risk management, the environmental system, and coverage of data on energy, water and waste. eQ utilizes the results of the assessment in identifying new development measures.

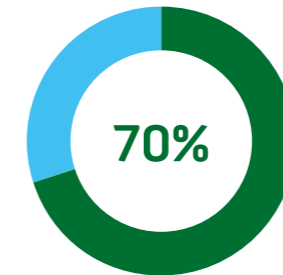
The Building Research Establishment’s Environmental Assessment Method (BREEAM) In Use certification is used to assess the operability of an individual property and related maintenance functions, identify any shortcomings and select areas of development. eQ’s real estate funds intend to obtain a Breeam In Use certificate for all sites, with the Very Good level as their target.

Responsibility and sustainable energy solutions are systematically implemented in eQ’s residential funds as well. All investees are certified with “Very Good” as the targeted level for BREEAM In Use. Certifications are in progress, and two sites have already received a certificate. Two sites that use geothermal energy are finished and two are under construction. One site is also being built with heating that utilises an air/water heat pump. All other sites use green district heating. All sites have solar power plants. The sites use green electricity in addition to solar power. All the buildings are new. Those in the eQ Residential Fund have an energy category A or B, and all sites in the eQ Residential II Fund boast the best energy category A as a rule.

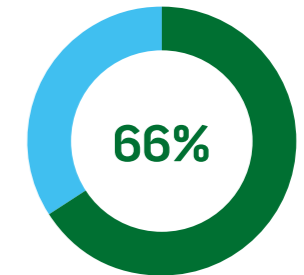
The further improvement of results of sustainability assessments demonstrates that eQ is on the right path in developing sustainability. eQ’s constant target is to improve energy efficiency and reduce environmental impacts in properties owned by eQ’s funds, naturally in cooperation with the tenants.



eQ Commercial Properties
BREEAM-certificate status



eQ Community Properties
BREEAM-certificate status



Private equity, private credit and venture capital investments

Recognition for concrete ESG work from both fund managers and the industry

In November 2023 eQ was honoured to receive recognition for its ESG work – the Silver Award for 'Best ESG Private Equity Initiative (LP)' at the Private Equity Exchange & Awards in Paris. Annual competitors include a large number of renowned European actors in the private equity sector, and the winners are selected by a jury consisting of experienced private equity investors.

eQ has done systematic ESG work for a long time, but plenty of active and concrete development work has been carried out in the past few years in particular. eQ has developed its ESG process in-house and cooperates with its fund managers. There are no ready-made databases on unlisted companies. eQ also distributes information to its own field of managers and contributes to the development of ESG in the private equity sector.

eQ has monitored the development of sustainability at private equity funds it invests in since 2017 by means of an annual ESG survey sent to target funds, for instance. Results analysed in spring 2023 indicated that the sustainability ratings of all of eQ's Europe and US funds had improved. SFDR regulation has accelerated the development of ESG practices in Europe, which is shown especially in the results on the year 2022. The results also demonstrate that ESG has changed in a direction that is more measurable than before. In the EU region managers measure sustainability with key ratios and report an increasing amount of PAI indicators. ESG Data Convergence, an alternative set of indicators, has rapidly gained popularity in the private equity sector and has been deployed by managers in North America, as well. Today, half of all managers calculate greenhouse gas emissions on every investment. Emissions measurement has become more prevalent at both management company and portfolio levels in Europe, regardless of the size of the manager. Once the measurement process has been created and the first results have come in, emission reduction targets have become the next goal. Managers in North America continue to focus on the Diversity, Equity and Inclusion (DE&I) approach, but in other respects ESG development there lags behind

European peers. At present, the United States has fairly little ESG-related regulation, and the Securities and Exchange Commission (SEC) is working on rules expected to tighten requirements on marketing and disclosure associated with ESG. For now, it is easy for a company to stand out in the United States through excellent development work on ESG because there are still so few standards. In 2021 eQ launched the Special Investment Fund eQ VC and in 2023 the Special Investment Fund eQ VC II. Development of ESG practices has been started at these funds also.

In spring 2023 eQ collected PAI indicators on eQ's European private equity target funds and reported them to investors for the first time. Most of the target funds' managers collected and calculated PAI indicators for the first time. The formulae still manifested different practices and interpretations. Coverage remained low but was still better than anticipated.

In June 2023 eQ organised for the second time the eQ GP event on ESG that was attended by 40 European small and medium-size private equity fund managers. This year's topics included calculating emission and carbon footprints, measuring these at a software company, and integrating sustainable development in the business models of target companies. Training and engagement with our USA PE partner RCP continued in 2023.

In the latter half of the year we worked on methodology for investment processes at Article 8 funds and trained the private equity investment team on this, and incorporated sustainability perspectives in eQ's PE DDQ document. According to the SFDR classification, the eQ PE XVI North and eQ PE SF V funds of 2024 are classified as Article 8 funds.

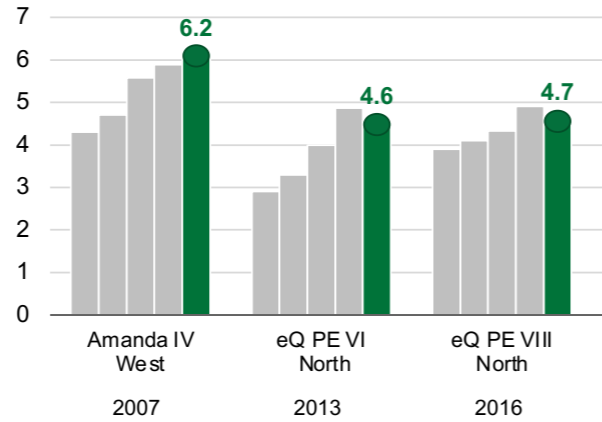
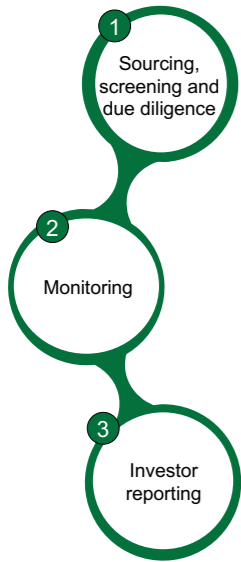
All in all, 2023 was an active year from the perspective of ESG activities and a great deal of concrete development work was completed. The international recognition and positive feedback from fund managers received in November encourages us to continue our active ESG work in the private equity investment field.



eQ won the Silver Award in the 'Best ESG Private Equity Initiative (LP)' category on 9 November 2023

Sustainability in eQ’s private equity investment activity

2017–2023 / ESG INTEGRATED INTO INVESTMENT PROCESS AND MONITORING



2023– / TARGETING BROAD APPLICATION OF ART. 8 IN EUROPEAN LOWER MIDDLE AND MIDDLE MARKET



ESG due diligence and manager communication

Annual ESG Survey

Enhanced dialogue and cooperation with managers & eQ GP Event

Continuous development

- ESG report once a year
- ESG development of tar
- Trends from several years
- Current themes

- "...improvement challenge accepted
- " the feedback is encouraging
- "... refreshing and a helpful guidance
- " we highly appreciate the ESG rating by eQ

- ESG action plan for North American managers with RCP
- ESG coaching with European "support students"
- Coaching and supporting PAI reporting readiness
- Chairman of FVCA's ESG Committee and other networking

SME sector has inherently less resources available, but there is an even greater opportunity to influence and every step counts.

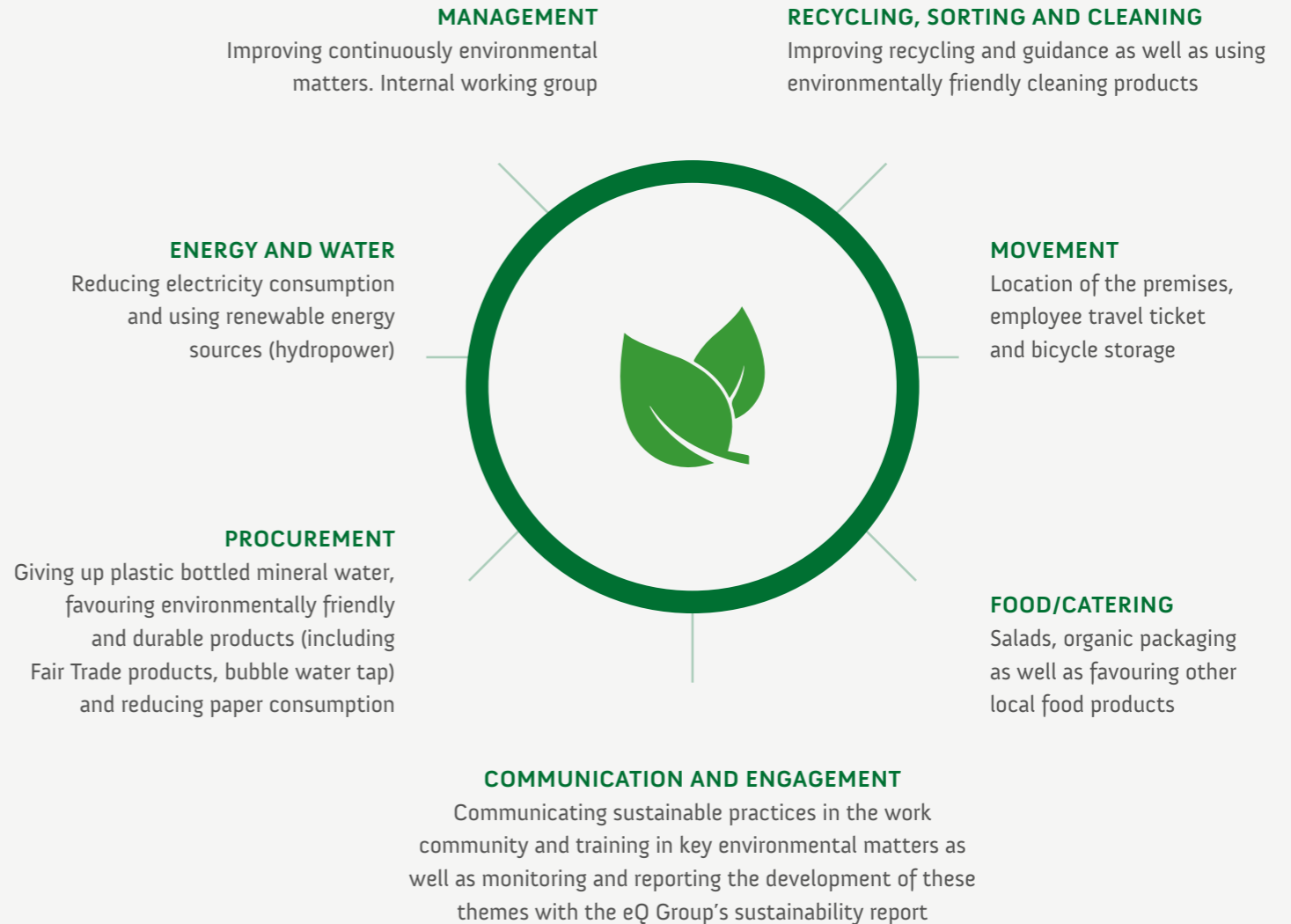
Realisation of environmental responsibility at eQ Group

Mitigation of climate change is an important theme both at eQ Group and in eQ Asset Management’s investment operation. eQ Group’s own business places a relatively minor direct burden on the environment. Energy use is primarily related to the consumption of energy on the premises. On the other hand, eQ has an opportunity to promote sustainable development through eQ Asset Management’s investment activities.

Although eQ does not operate in an “emitting industry”, the company pays more and more attention to the environmental impacts of its own operation and develops its procedures in an increasingly sustainable direction. In 2021, on the basis of earlier operating principles, eQ outlined and prepared an environmental policy concerning eQ Group that consists of five themes: 1. recycling, sorting and cleaning, 2. movement, 3. food/refreshments, 4. procurement, and 5. energy and water. In 2022 the company discussed indicators of themes on environmental responsibility and the need to update eQ Group’s guidelines for environmentally friendly operation.

Companies in eQ Group have used fully renewable energy in their own electricity consumption since 2018. The premises are leased. Heat and water consumption as well as air conditioning (district cooling) is included in the rent, and consumption data regarding them is not available from the lessor.

eQ encourages its employees to use public transport and other alternative ways of travelling. Employees are offered a travel ticket as employee benefit and part of the overall salary, and they also have access to eQ’s joint public transport travel cards when travelling in the near-by area during the working day. The company prefers direct flights, and when possible, negotiations are conducted with remote negotiation technologies. eQ also reports the total CO₂ emissions for work-connected flights of our employees and, as a new key ratio, the amount of emissions per person.



eQ takes care of the sorting and recycling of the office waste produced on its premises. The lessor of the premises used by eQ is responsible for waste management. In 2023 eQ also continued the implementation of measures on the sorting and recycling of office waste introduced in 2019. These measures included:

- training on eQ Group’s environmentally friendly operating guidelines,
- employees have no individual waste bins for mixed waste and
- eQ employees do not consume mineral water in plastic bottles.

eQ Group’s guidelines for environmentally friendly operation are always presented when new employees are being trained. eQ also reports on the consumption of paper at its premises. The company switched to double-sided printing three years ago. eQ has not been engaged in legal proceedings or claims concerning environmental accidents.

Own energy consumption of the organisation

	2023	2022	2021	2020	2019
Electricity consumption, kWh*	131,630	103,960	106,369	89,893	100,396
Origin of electricity:					
Share of renewable energy, %	100%	100%	100%	100%	100%
Share of nuclear power, %	0%	0%	0%	0%	0%
Share of fossil fuels, %	0%	0%	0%	0%	0%
Specific carbon dioxide emissions of electricity, g/kWh	0	0	0	0	0
Nuclear fuel used in electricity, mg/kWh	0,0	0,0	0,0	0,0	0,0
Carbon dioxide emissions of electricity, total, kg	0	0	0	0	0
Carbon dioxide emissions of electricity per net revenue, g/EUR	0,00	0,00	0,00	0,00	0,00
Electricity consumption per rented office square metre, kWh	61	55	64	54	60
Electricity consumption per person, kWh	1,303	1,106	1,108	956	1,128

Other environmental responsibilities**

	2023	2022	2021	2020	2019
Other indirect greenhouse gas emissions					
Travelling by air, CO ₂ emissions, kg	43,235	51,879	4,669	3,961	42,455
Travelling by air, CO ₂ emissions, kg per person	428	552	49	42	477
Use of material					
Paper consumption, total, kg	1,124	631	715	1,710	1,985
Paper consumption, kg per person	11	7	7	18	22

*In 2023 electricity consumption increased due to an extension of eQ’s premises.

**The table shows an estimate of carbon dioxide emissions of air travel and paper consumption. Paper consumption is reported based on paper purchased.



Realisation of social responsibility at eQ Group

eQ as employer

The aim of eQ Group is to act as a responsible employer. The personnel is eQ's most important resource.

Employees' job satisfaction and commitment and the need to develop the workplace are monitored regularly with a semi-annual survey. The results of the 2023 study on well-being at work were excellent again. The results have been excellent when reviewed by the five-year trend also.

The survey deals with the personnel's commitment, well-being at work, satisfaction with the work community and the work of the superior. On a scale from 1 to 5, job satisfaction and well-being at work received the score 4,4 (2022: 4,3). According to the survey, employees are happy to recommend eQ Group as an employer. The eNPS value that describes this was very high at 41 (on a scale from -100 to +100, where 0 to +20 is good, over 20 excellent and over 40 a top result). The response rate to the 2023 survey of well-being at work was also high, averaging at 95% (2022: 89,3%). The personnel survey is one of eQ's most important tools for developing internal working methods and the quality of managerial work. At team-specific meetings, the results are discussed in detail, and potential development measures and goals are agreed for monitoring them.

eQ invests in the well-being of its personnel by offering extensive occupational health care, exercise benefit vouchers and other welfare services, for instance.

Development discussions are conducted with the entire personnel in all Group companies. The discussions are conducted at least once a year and they assess the performance of the previous period and set targets for the following one as well as assess, e.g. the need to develop the employee, managerial work and the work community. In autumn 2023, consideration of compliance and sustainability matters in employees' job descriptions was incorporated on eQ's development discussion form as new sections. The intention is that employees and their supervisors together evaluate how the employee has succeeded at taking account of compliance and sustainability matters in their work and how they could improve at these.

eQ's employees may participate in training offered by the employer and partners, in other external training, or study independently. The Group is favourably disposed to studies at the employees' own initiative.

Calculated as full-time resources, eQ Group had 101 employees at the end of 2023 (2022: 94). When calculating full-time resources, part-time employees and those on parental and study leave have been included. Altogether 107 persons had an employment relationship with eQ (2022: 98), and 6 of them worked part-time (2022: 4). Part-time employees are used in seasonal tasks or projects.

Personel

	2023	2022	2021	2020	2019
Personnel as full-time resources	101	94	96	94	89
Permanent employment relationship	101	94	91	94	88
Temporary employment relationship	6	4	11	9	4
Employment relationship, total	107	98	102	103	92
Share of temporary employees, %	5,6	4,1	10,8	8,7%	4,3%
Full-time, total	101	94	93	95	89
Part-time, total	6	4	9	8	3
Age and gender distribution, no.					
18–30 years total, (F/M)	23 (6/17)	22 (8/14)	25 (10/15)	23 (9/14)	15 (4/11)
31–40 years total, (F/M)	24 (10/14)	22 (8/14)	28 (13/15)	31 (13/18)	34 (14/20)
41–50 years total, (F/M)	28 (12/16)	26 (10/16)	22 (8/14)	20 (7/13)	17 (7/10)
51–60 years total, (F/M)	30 (12/18)	26 (9/17)	26 (8/18)	27 (11/16)	25 (14/11)
61– years total, (F/M)	2 (2/0)	2 (2/0)	1 (1/0)	2 (1/1)	1 (-/1)
Total	107 (42/65)	98 (37/61)	102 (40/62)	103 (41/62)	92 (39/53)
Average age of employees, years	42,5	42,4	41,2	41,3	41,3
Employment relationships based on gender, no. and %					
Female	42 (39%)	37 (38%)	40 (39%)	41 (40%)	39 (36%)
Male	65 (61%)	61 (62%)	62 (61%)	62 (60%)	53 (64%)
Employee turnover (%)	3,0%	11,7%	8,7%	4,2%	9,3%
Sick leaves during the year, day per person	4,7	4,6	1,7	2,7	2,8
Work accidents*	0	4	0	0	1
Work well-being					
Job satisfaction and well-being at work**	4,4	4,3	4,3	4,3	4,4
eNPS value***	41	48	44	49	59

*A work accident is an accident that occurs at the workplace, on the way from home to work or vice versa, or during a business or other trip ordered by the employer.

**Rating scale: "poor" (1–2.4), "adequate" (2.5–2.9), "satisfactory" (3–3.4), "good" (3.5–3.9) and "excellent" (4–5).

***Scale from -100 to +100: "Good" (0 – +20), "Excellent" (over 20) and "Top score" (over 40). eQ has monitored and reported the eNPS score since 2019.

SATISFACTION AND WELL-BEING AT WORK

4.4

(SCALE 1–5)

NUMBER OF PERSONNEL

101

Of the personnel, 39% were women (2020: 38%) and 61% men (2022: 62%). The average age of the personnel was 42.5 years (2022: 42,4), and the employee turnover in 2023 was 3,0% (2022: 11,7%). In 2023, the average sick leave of the personnel was 4,7 days per person (2022: 4,6) and there were no work accidents in 2023 (2022: 4).

Equal pay between genders

eQ Group pays the same salary to employees for the same or similar work regardless of gender. Similar in this respect means that the central requirements, expertise, responsibility and workload are on the same level. The job title is not decisive.

Equality

Equality, justice, and non-discrimination are important principles for eQ Group. eQ has drawn up an equality plan, which comprises the measures for promoting equality and the agreed follow-up measures. The plan is assessed and updated on a regular basis and covers all Group companies. The plan is available to all employees of eQ Group on the Group's internal website.

Health and Safety Policy

eQ Group has drawn up a policy for promoting health and safety at work and for maintaining the working capacity of the employees. It covers the needs to develop working conditions as well as the impacts and development needs of factors related to the work environment. The policy is available to all employees of eQ Group on the Group's internal website. eQ Group also uses the early support method and eQ Group's substance abuse programme that was prepared in 2023. All eQ employees were provided internal training on the substance abuse programme.



Principles related to human rights violations and child labour

eQ Group has not drawn up separate principles related to human rights violations or child labour. All operations of the Group are located in Finland, at one single office. Therefore the Group can monitor practices related to the employees in a reliable manner.

Board diversity

eQ Plc’s Board of Directors aims to promote the diversity of the Board’s composition for its part. When assessing diversity, the Board takes into consideration, for instance, the age and gender of the directors, their education and professional experience, individual characteristics and experience that is essential with regard to the task and the company operations. eQ Plc has defined as goal regarding the equal representation of genders on the Board that there should always be representatives of both genders on eQ Plc’s Board of Directors.

During the 2023 financial period, eQ Plc’s Board met the preconditions set for the company diversity, including the goal of having representatives of both genders on the Board. The following persons were on eQ Plc’s Board of Directors during the 2023 financial period from the Annual General Meeting: Janne Larma (Chair) Georg Ehrnrooth (Deputy Chair), Päivi Arminen, Nicolas Berner, Timo Kokkila and Tomas von Rettig. The directors have versatile experience from sectors that are of importance to the company, such as the investment and finance sector and the real estate sector. In addition, the diverse work experience and education of the directors as well as their international experience complement each other. eQ Plc’s Annual General Meeting elects the directors.

The company’s Board of Directors monitored diversity issues during the 2023 financial period.

Diversity of the Board of Directors on 31 December 2023:

Directors, total	6	100%
Female	1	17%
Male	5	83%
Board members who are independent of the company	4	67%
Board members who are independent of the major shareholders	3	50%



Good governance at eQ Group

Board – separation of powers and transparent practices

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association on 1 January 2020. The entire Code is publicly available on the website of the Securities Market Association at (www.cgfinland.fi). eQ Plc draws up annually a Corporate Governance Statement required by the Corporate Governance Code separately from the report by the Board of Directors. The Corporate Governance Statement, the Remuneration Report for Governing Bodies, and other information that shall be disclosed in accordance with the Corporate Governance Code as well as the company's financial statements, report by the Board of Directors and auditors' report are available on eQ Plc's website (<https://www.eq.fi/fi/about-eq-group>).

eQ's largest shareholders, who as a rule represent at least one-half of the number of shares in the company and the votes these represent, submit a proposal to the Annual General Meeting (AGM) on the number of Board members, the members of the Board of Directors and their remuneration. eQ Plc's Annual General Meeting is ultimately responsible for the election of Board members and preparations for the election. The company's Articles of Association do not include a provision on appointment of Board members in any specific order.

Each person elected as a member of the Board must have the competence required by the task and enough time to handle it. The company contributes to the work of the Board by providing Board members with sufficient information about the company's operation. Five to seven members can be elected to eQ Plc's Board of Directors, and the members of the Board select a chair from among their number. Board members are elected for one year at a time. eQ Plc's Board has a full-time Chair whose duties, besides serving as Chair, include developing eQ's strategy together with the CEO. In the Corporate Governance Report, the company states the number of Board meetings held during the financial period and the members' average attendance at Board meetings.

The company discloses the following personal and ownership information on Board members: name, gender, year of birth, education, main occupation, key work experience, international experience, start date of Board membership, key positions of trust, and shareholdings in the company. The statement also includes any dependency of the company or the company's significant shareholders, and any grounds why the Board member is not deemed to be independent. Members of eQ Plc's Board of Directors must provide the Board and the company with adequate information so their competence and independence can be evaluated, and report any changes in this information.

The Board's charter, the minutes of meetings and other documents on Board operations are not publicly available. The main tasks included in the charter are listed in the Corporate Governance Statement. The company discloses information about events that concern the Group in accordance with valid legislation and the company's disclosure policy. The company's disclosure policy is available on eQ's website (<https://www.eq.fi/fi/about-eq-group>).

Remuneration

eQ's remuneration system is based on the strategy and long-term goals defined by the Board, and it is one of the major tools used for reaching the Group's long-term and short-term strategic goals. The remuneration system contributes to good, efficient and comprehensive risk management within eQ Group. The remuneration systems must also take into account sustainability risks related to eQ Group and its business operations. The aim of comprehensive risk management is to take into consideration the goals, values and interests of the Group companies, funds under management and the investors, for instance.

In addition to eQ Group's Remuneration Principles, eQ Plc has a Remuneration Policy for Governing Bodies required by the Corporate Governance Code, which accounts for the remuneration of the Board and the CEO. The Remuneration Policy for Governing Bodies is presented to the Annual General Meeting for consideration at least every four years and always when major changes have been made in it. eQ Group's Remuneration Principles and the Remuneration Policy for Governing Bodies can be found on eQ's website (<https://www.eq.fi/fi/about-eq-group/hallinnointi/palkitseminen>).

eQ Plc publishes an annual Remuneration Report for Governing Bodies at the same time as the Annual Report. The 2023 Remuneration Report for Governing Bodies was drawn up in accordance with the 2020 Corporate Governance Code for listed companies, and eQ Plc's Board of Directors reviewed it on 5 February 2024.

The Remuneration Report for Governing Bodies accounts for the remuneration paid to the Board of Directors and CEO during the previous financial period, how the Remuneration Policy for Governing Bodies has been applied during the previous financial period and how remuneration promotes the company's financial success on a longer term. The Remuneration Report also compares the development of the Board's and CEO's remuneration with the development of the average remuneration of company employees and the company's financial development during the five previous financial periods. eQ Plc's Remuneration Report for Governing Bodies is available on eQ's website (<https://www.eq.fi/fi/about-eq-group/hallinnointi/palkitseminen>).

In addition to the Remuneration Policy and Report for Governing Bodies, eQ presents in the remuneration section of its website information about the remuneration principles for the Board, CEO and the rest of the Management Team. Information about the remuneration of the Board, CEO and the rest of the Management Team is available on eQ's website (<https://www.eq.fi/fi/about-eq-group/hallinnointi/palkitseminen>).

Application of collective labour market agreements

No collective agreements are applicable to eQ Group's employees, nor are they covered by the universally applicable collective agreement in Finland.

Code of Conduct

eQ Group's Code of Conduct describes joint rules based on eQ's values and the general principles guiding behaviour, decision-making and business operation that every eQ employee must follow. The Code of Conduct also serves as a top-level instruction for eQ's other internal guidelines that contain detailed operational instructions from various sectors. Still, the Code of Conduct cannot cover all situations we encounter, so advice must always be asked in new and unclear situations. By honest, open, competent and efficient action, eQ wants to earn the trust and respect of clients, other stakeholders, the surrounding society and the financial markets.

eQ requires its partners to act in a responsible manner. All agreements in real estate investments (such as on building contracts and with service providers) include eQ's Code of Conduct for suppliers as an enclosure. eQ Group has found other, separate Codes of Conduct concerning subcontractors unnecessary due to the small number of direct subcontractors and their minor significance for the business operation.

eQ Group's Code of Conduct was updated in the autumn of 2021. The themes of eQ Group's Code of Conduct are:

- Complying with regulation and acting correctly
- Clients' interests, eQ's interests, and management of conflicts of interest
- Information security and data protection
- Intervention in abuses and problems
- Trust and confidentiality
- Responsibility and responsible investment activities
- Equality, diversity and respect
- Cooperation with stakeholders
- Reputation management
- Cooperation and development of competence
- Occupational safety and wellbeing at work
- Prevention of financial crimes
- Offering and accepting gifts and hospitality
- Sponsorship, donations and partnerships

The Code of Conduct is available on eQ's website (<https://www.eq.fi/fi/about-eq-group/hallinnointi/code-of-conduct>).

Tax transparency

As part of this Sustainability Report, eQ reports its financial impact on society in form of taxes and charges of tax-like nature. Transparent reporting is part of responsible operations and governance. eQ Group does not have a separate tax strategy approved by the Board. The Group pays its taxes to Finland.

eQ Group is a major taxpayer. In 2023, the income tax for eQ's taxable profit paid in Finland totalled EUR 8,3 million (2022: EUR 9,4 million). The Group's effective tax rate was 20,9% (2022: 20,6%).

As employer, eQ pays charges related to pension, unemployment and social security and remits the withholding from the salaries to tax authorities.

The charges of tax-like nature related to the personnel that eQ Group paid in 2023 totalled EUR 4,4 million (2022: EUR 4,4 million). The withholdings that eQ made from the salaries amounted to EUR 8,8 million (2022: EUR 9,0 million) and the other tax-like charges totalled EUR 2,0 million (2022: EUR 2,2 million).

The value-added tax remitted by eQ Group in 2023 totalled EUR 0,5 million (2022: EUR 0,5 million). In addition, part of the value-added tax included in purchases is paid by eQ, as the operations are partly exempted from VAT.

The taxes withdrawn from the dividend and equity repayment that eQ Plc paid in 2023 totalled EUR 2,6 million (2022: EUR 1,8 million).

eQ has not received any public subsidies for its operations.

External validation of the report

This report has not been validated by an external party.

The Firm of Authorised Public Accountants KPMG Oy Ab has audited eQ Plc's financial statements for the financial period 1 January to 31 December 2023. eQ Plc's Board and CEO are responsible for the other information in the Annual Report. This report is included in eQ's Annual Report and treated as "other information", as defined in the Auditors' Report. Even though the auditors do not audit other information, they have in their report assessed whether the other information essentially conflicts with the financial statement and information obtained by the auditors or if it otherwise seems to be incorrect for essential parts.

Taxes, 1,000 EUR	2023	2022	2021	2020	2019
Taxes paid					
Income tax, Finland	8,308	9,437	9,560	6,209	5,306
Effective tax rate	20.9%	20.6%	20.1%	20.2%	20.2%
Charges of tax-like nature payable by the employer (employee pension, social security and unemployment charges)	4,435	4,420	3,317	2,978	2,960
Taxes remitted					
Withdrawal from salaries, Finland	8,770	9,018	7,102	6,483	5,901
Charges of tax-like nature payable by the employee (employee pension, unemployment charges)	2,032	2,163	1,529	1,405	1,308
Value-added tax paid, Finland	453	536	658	393	1,503
Tax withdrawn from dividend and equity repayment, Finland	2,588	1,762	1,246	1,217	1,061