

Corporate Responsibility Report 2019



EVLI BANK PLC



Responsibility at the core of 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 ethically sustainable business.

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 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.

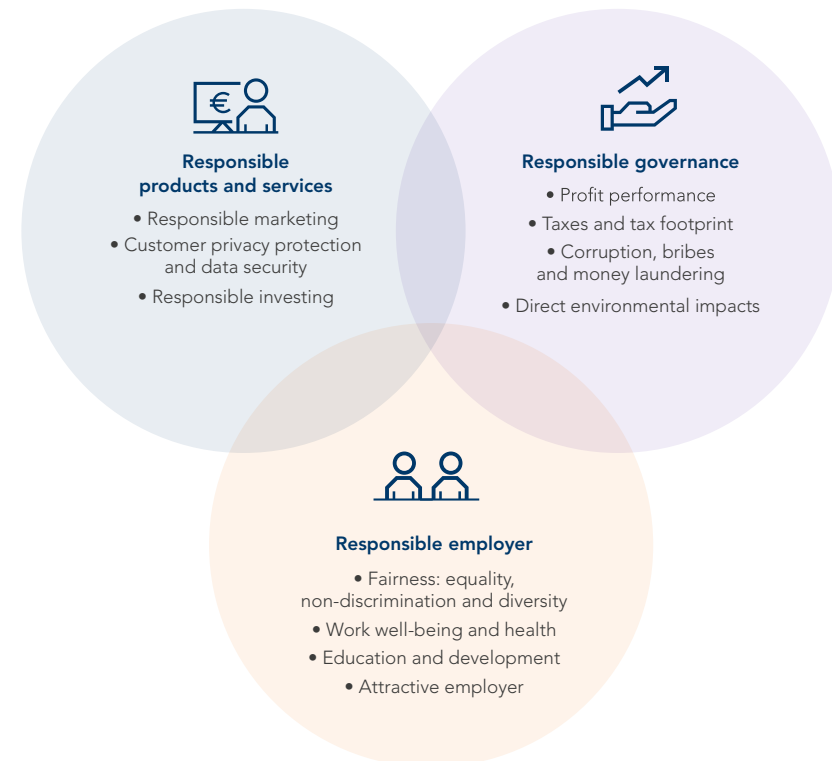
Evli seeks to be a responsible member of society and is committed to taking into account both the direct and indirect environmental impacts of its operations. Because corporate responsibility is part of Evli's everyday business operations, its annual report includes a corporate responsibility report. 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. Based on this, respon-

Responsible business supports the company's value creation






sibility at Evli is divided into three areas, which covers eleven material topics.

The materiality analysis considers the importance of the issues raised to stakeholders and Evli's business. Based on the analysis, the issues were divided into three groups. These groups take into account Evli's ability to develop and advance them as well as which areas are primarily related to compliance with statutory laws and regulations.

- **Highly important areas of responsibility** are largely voluntary for Evli, and the company can decide the extent to which these issues are developed. Evli has identified these areas of responsibility as significant in order to ensure future competitiveness and to create added value for its stakeholders in the long-term.
- **Important areas of responsibility** are partly determined by laws and regulations. However, Evli can determine to what extent it further develops and improves these areas of responsibility to be a more responsible company and meet the expectations of stakeholders now and in the future.
- **The statutory laws and regulations** are directly linked to the confidence of stakeholders in Evli and its business. These areas of responsibility are always managed in accordance with current legislation and regulatory requirements.

As a result of the materiality analysis, Evli recognized, among other things, that in improving responsibility and with regard to environmental impacts, the single most important factor in Evli's operations is the responsibility

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

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)

Active and open dialogue with the principal stakeholders helps Evli to identify the areas of its operations that should be prioritized and developed. Regular discussions with different stakeholders 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. The Evli's principal stakeholders are its clients, personnel, shareholders, investors, the authorities, partners and media.

STAKEHOLDERS	STAKEHOLDER'S EXPECTATIONS	CHANNELS	EVLI'S ACTIONS IN 2019
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 • Client meetings and events • Emails, newsletters and phone calls 	<ul style="list-style-type: none"> • Alternative investment products were developed, and new products launched • The principles of responsible investment were expanded to include real estate and private equity investments • Internal processes were developed to improve operational efficiency and improve customer service • Operations were developed based on customer feedback
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 of the employees was developed • Team leaders were offered support in developing managerial work • Operations were developed based on personnel surveys • Occupational health and well-being events were organized • 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, annual report • Corporate Governance Statement • 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 for 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 about products and services • Operations were developed based on the 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 seminars • 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 organizations 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.

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 emphasized 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. Problems are addressed immediately. Client satisfaction is reported weekly on the unit level and quarterly to the Executive Group. In addition to Evli's internal client satisfaction surveys, Evli takes part in annual surveys conducted by external parties concerning asset management.

*Stewardship is rooted in the Middle Ages and based on the idea of a steward managing an owner's property as if it was his own while the owner is away.



Results and priorities for 2019

- Evli's customer satisfaction remained at the previous years' high level and averaged 4.6 (2018: 4.6) on a scale from 1-5.
- Evli was ranked the best and most widely used institutional asset manager in Finland for the fifth consecutive year*. In these surveys, Evli was especially praised for the results of its investment operations, its stability and resources, its expertise in responsible investment and its client service.
- Evli's Private Banking was awarded Best in Finland**.
- To improve customer experience, Evli continued to streamline its operations and reorganize work. Evli also invested in system upgrades and the development of new products and services. The purpose of the changes is to develop operations to better meet the changing needs of clients.

*KANTAR SIFO Prospera "External Asset Management 2019 Finland" -survey.

**KANTAR SIFO Prospera "Private Banking 2019 Finland" -survey.

***ESG=Environmental, Social and Governance.

Protection of client data plays an even more important role

(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. Personal data is processed in compliance with the EU's General Data Protection Regulation (GDPR) and specific legislation for the financial industry. In addition, Evli always ensures that privacy and bank secrecy are 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.

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. In recent years, Evli has among others improved cybersecurity and developed the data protection of its own electronic channels.

Results and priorities for 2019

- Several security training events on topical issues were offered to the personnel. New employees were trained with regard to Evli's data protection and digital security.
- An electronic data security review was regularly sent to employees, highlighting topical data security issues in Evli's operating environment.

Responsible investment systematically integrated into portfolio management

At Evli, responsible investment means that factors associated with the environment, society and good governance are integrated into portfolio management. Evli believes that incorpo-

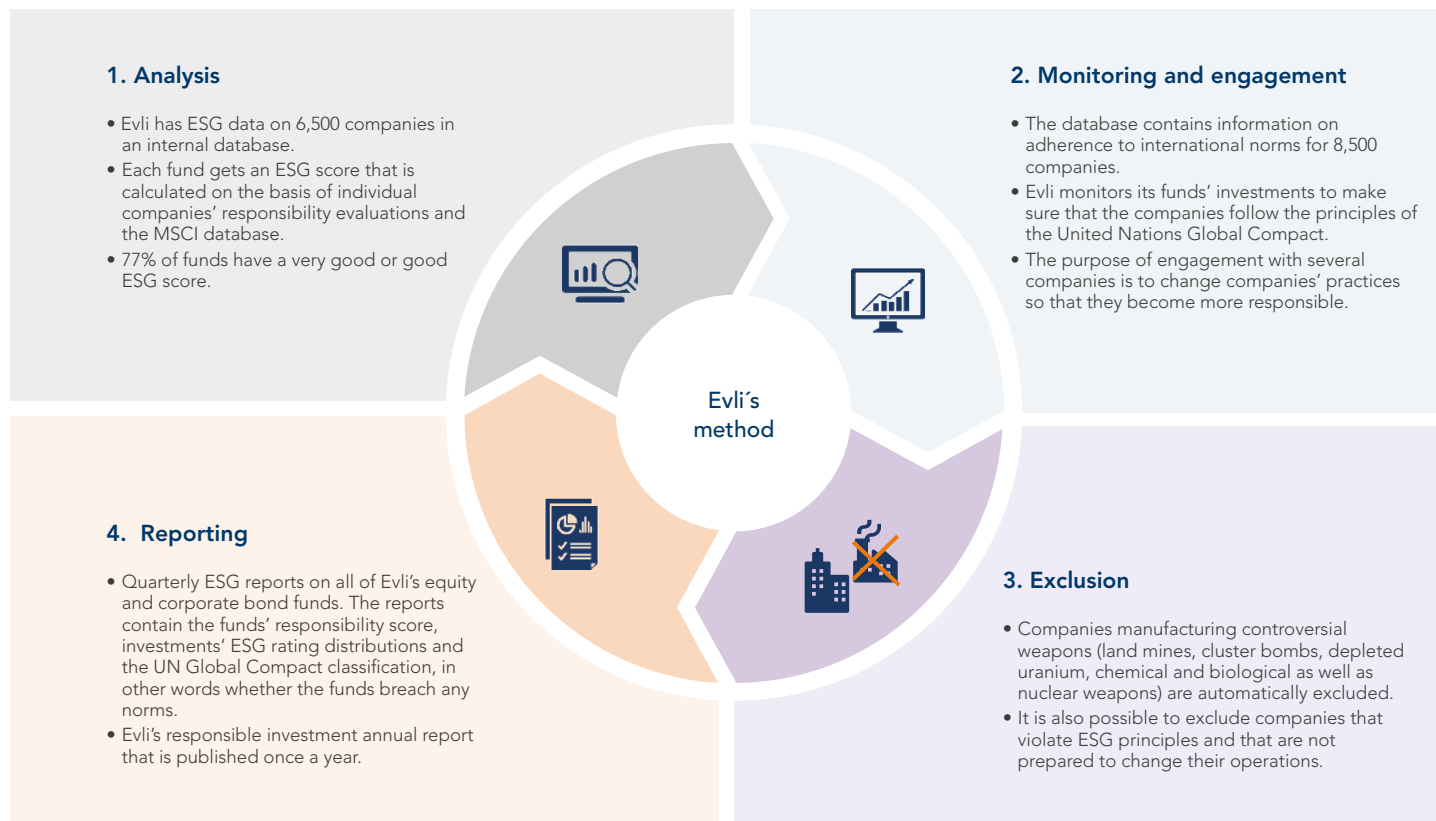
rating responsibility considerations into investment decisions increases the understanding of the investments and the related risks and opportunities more than by simply analyzing the current financial situation.

Reporting on responsible investment

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 the internal ESG*** 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.

The ESG database is also used for reporting purposes. Evli publishes public ESG reports on all of its equity and corporate bond funds. This means that anyone can check the responsibility of Evli's investments.

ESG strategy



More responsible practices through engagement

Evli analyzes its active equity and corporate bond funds and Wealth Management's direct investments at roughly three-month intervals for any UN Global Compact violations. The UN Global Compact is an international corporate social responsibility norm that requires companies to respect human rights, take action against corruption and consider environmental matters.

The norm violation monitoring is based on data from MSCI ESG Research, an external service provider, which in turn is based on reports and announcements from companies, news and data from non-governmental organizations. All norm violations associated with a fund are openly reported to clients in the funds' ESG reports.

Each norm violation initiates a predetermined process at Evli. Each case is first discussed with the portfolio manager who then explains his investment decision to the Responsible Investment Steering Group. In the case of a breach of norms, the steering group has three options:

1. Monitor the situation
2. Start engagement activities
3. Sell the holding.

Norm violations are usually far-reaching cases and it is challenging to gain independent information on them. Through Evli's monitoring of violations and discussions with companies involved in violations, Evli has discovered that the companies' assessment and opinion of the cases may differ substantially from those of other parties. Likewise, even if a multinational organization, such as the OECD, absolves a company regarding a suspected violation of a norm, this does not necessarily mean that the company will be removed from the list of violating companies kept by MSCI ESG Research. For these reasons Evli considers it vital to actively monitor suspected violations in its own funds and to discuss them with portfolio managers and the company in question and in Evli's Responsible Investment Steering Group.

Engagement operations usually concern environmental issues, human rights, workers' rights, measures to mitigate climate change, reporting of responsibility factors and matters related to good corporate governance. Evli

does not publicize the names of individual companies subjected to engagement measures as Evli believes the procedures are more effective when they take place as confidential discussions with the companies.

Results and priorities for 2019

- The Principles for Climate Change complementing Evli's Principles for Responsible Investment were published. The climate change principles specify Evli's work on climate change mitigation and provide systematic approaches to addressing climate change in investments. The climate change principles consist of four practices: 1) analyzing and monitoring greenhouse gas emissions from investments, 2) monitoring and excluding thermal coal and peat companies, 3) engaging with companies, and 4) Evli's own climate risk reporting.
- Evli began systematic public reporting of its funds' carbon footprints and the monitoring and exclusion of thermal coal and peat companies. Evli excludes companies that produce peat for energy production and avoids investing in companies where more than 30 percent of revenue comes

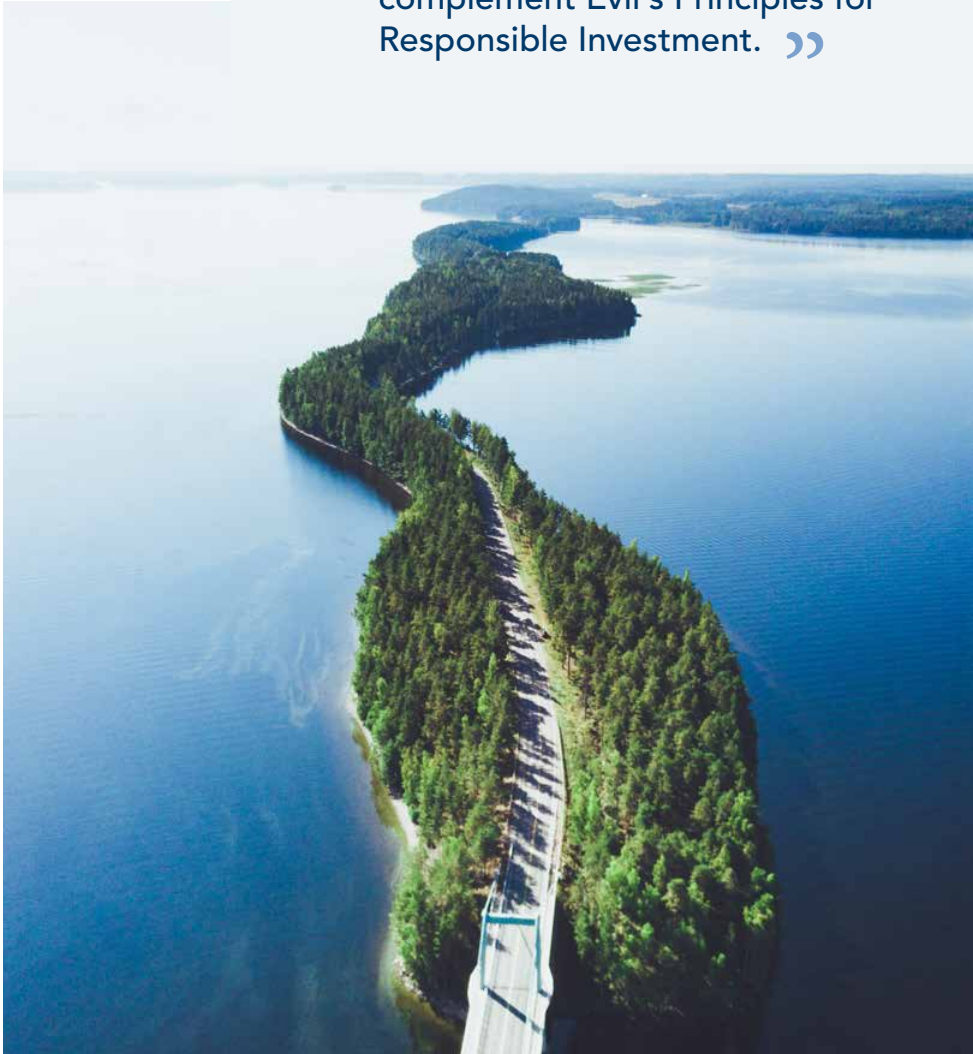
from mining or using thermal coal for power generation.

- Evli decided to, in accordance with its climate changes principles, directly exclude five investments in its equity and bond funds, to start engaging with two companies and to monitor the measures three companies are taking to stay on track with their goals to reduce the use of thermal coal. At the end of 2019, Evli decided to exclude the thermal coal companies that were under engagement because it was unable to gain a clear picture of their plans to reduce the use of coal.
- Evli also started a report on the bank's climate risk reporting and, based on the TCFD* recommendations, drew up a separate report as part of its annual report. In August 2019, Evli also became an official supporter of the TCFD. Additional information on page 39-41.
- Nuclear weapons manufacturing was added to the excluded sectors, as a result of a study on customer exclusion criteria.
- Systematic engaging with companies continued, and Evli was in contact with 14 companies and excluded two companies based on severe suspicions of violations of international norms.

- Evli's representatives attended the annual general meetings of Cargotec, Caverion, Consti, Cramo, Detection Technology, DNA, Glaston, NoHo Partners, Oriola, Outokumpu, QT Group, Revenio Group, Sanoma, Talenom, Valmet, Verkkokauppa.com and VMP. The meetings were chosen based on their agenda and the asset management company's ability to influence decisions.
- In addition to independent engaging, Evli continued to participate in several collaborative engagement initiatives.
 - The objective of the Climate Action 100+ initiative is to engage with major greenhouse gas emitters between 2018 and 2022 to mitigate climate change and attain the targets of the Paris Agreement. At the end of 2019, the Climate Action 100+ initiative had 373 subscribing investors (2018: 310) with total investment assets of approximately USD 35 trillion (2018: USD 32 trillion). Evli has been part of the initiative since 2017. In 2019, a total of 161 companies, contributing 80 percent of global greenhouse gas emissions, were engaged through the initiative.
 - Evli was, for a third year in a row, a signatory in CDP-coordinated investor letters

*Task Force on Climate-related Financial Disclosures.

» Separate Principles on Climate Change were published in 2019 to complement Evli's Principles for Responsible Investment. »



targeted at companies posing the greatest risks regarding climate change. The letters are a tool for investors to encourage companies to report on their operations and associated climate risks. In 2019, 88 investors contributed to the CDP's collaborative engagement (2018: 75). Letters were sent to a total of 508 companies (2018: 419), of which approximately 15 percent, or 78 companies (2018: 13%) indicated that they will report their climate impact to the CDP in the following year.

- Evli was part of the PRI's collaborative engagement activities, for the second year. The aim is to engage oil and gas sector companies to improve management of so-called transition risks that are associated with climate change. Transition risks are financial risks that are caused by the transition to a low-carbon economy. During 2019, a total of 28 oil and gas companies were engaged with through this PRI-led project.

- In November 2018, Evli and 415 other investors signed a letter addressed to governments, entitled Investor Agenda Statement to Governments on Climate Change. In 2019, 100 more investors joined the initiative. The letter encourages the governments of various countries to commit to measures to limit global warming to 1.5 degrees, to further the objectives of the Paris Agreement and to take active steps to reduce the use of coal in energy production.

- Evli joined two new collaborative engagement initiatives: PRI's collaborative engagement on the company Vale and PRI's Investor Statement on deforestation and forest fires in the Amazon, which calls for corporate action to curb the Amazon's forest fires.

- The ESG process for equity factor funds was developed by tightening the fund's exclusion criteria and adding a so-called best-in-class approach to the funds' investment processes where only companies with the highest ESG scores are selected from within each sector.
- Evli's Principles for Responsible Investment were expanded to include real estate and private equity funds and the engagement policy was updated.
- Portfolio managers' skills were developed by organizing a training on responsibility data and future legislation as well as going over the continuous development of responsible investment practices at Evli.
- Evli was ranked best in responsible investment for the third consecutive year in a survey directed at institutional investors and conducted by KANTAR Sifo Prospera.

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 improving ESG reporting, deepening ESG integration in portfolio management, launching new sustainability funds and establishing climate targets.



CASE:

Outperformance through responsibility

In April 2019, **Tiina Landau** and **Hanna Silvola** published a book on responsibility and outperformance entitled *Vastuullisuudesta ylituottoa sijoituksiin* (Outperformance through responsibility), which provides a comprehensive explanation of responsible investment. The book contains research data, practical examples and tacit industry knowledge on responsible investment.

The book includes examples that were chosen to illustrate best practices in the field. Two examples of Finnish asset managers were highlighted in the book, and Evli was one of these. Evli's example looks at the responsibility of Evli's investment operations and how ESG* data is integrated into Evli's portfolio managers work. The book goes into detail about the ESG tool Evli built for portfolio managers and how it is used.

Evli's inclusion in the book supports the company's aim to communicate openly and transparently about responsibility. Through the example in the book, Evli was able to present its practices to a wider public.

The authors of the book have extensive experience in responsible investment: Tiina Landau (M.Sc. (Econ.), CEFA) is a responsible investment professional whose work has been widely recognized internationally, and Hanna Silvola (D.Sc. (Econ.), Associate Professor) studies and teaches responsible investment at Hanken School of Economics in Helsinki and in management education programs.

*ESG=Environmental, Social and Governance.

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 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 will 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 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 for 2019

- Evli Group's operating income increased nearly eleven percent to EUR 75.8 million. Growth in international sales and alternative investment products as well as strong domestic asset management product and service sales contributed positively to profit performance.
- Sales of alternative investment products almost tripled year on year and was EUR 869 million at the end of the year.
- International sales continued to grow. At the end of 2019, EUR 2.8 billion of the total fund capital of EUR 9.6 billion came from international clients.
- Evli continued its work to streamline investment processes and improve the customer experience. During the year Evli completed a major overhaul of the system framework, which has allowed simplification of internal processes. Another measure that improved operating efficiency was the transfer of custody of Evli's funds to Skandinaviska Enskilda Banken. This solution, in line with international practice, also improves the ability to sell Evli's funds outside of Finland.

- Evli paid its owners dividend of EUR 0.61 per share, representing 17 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)

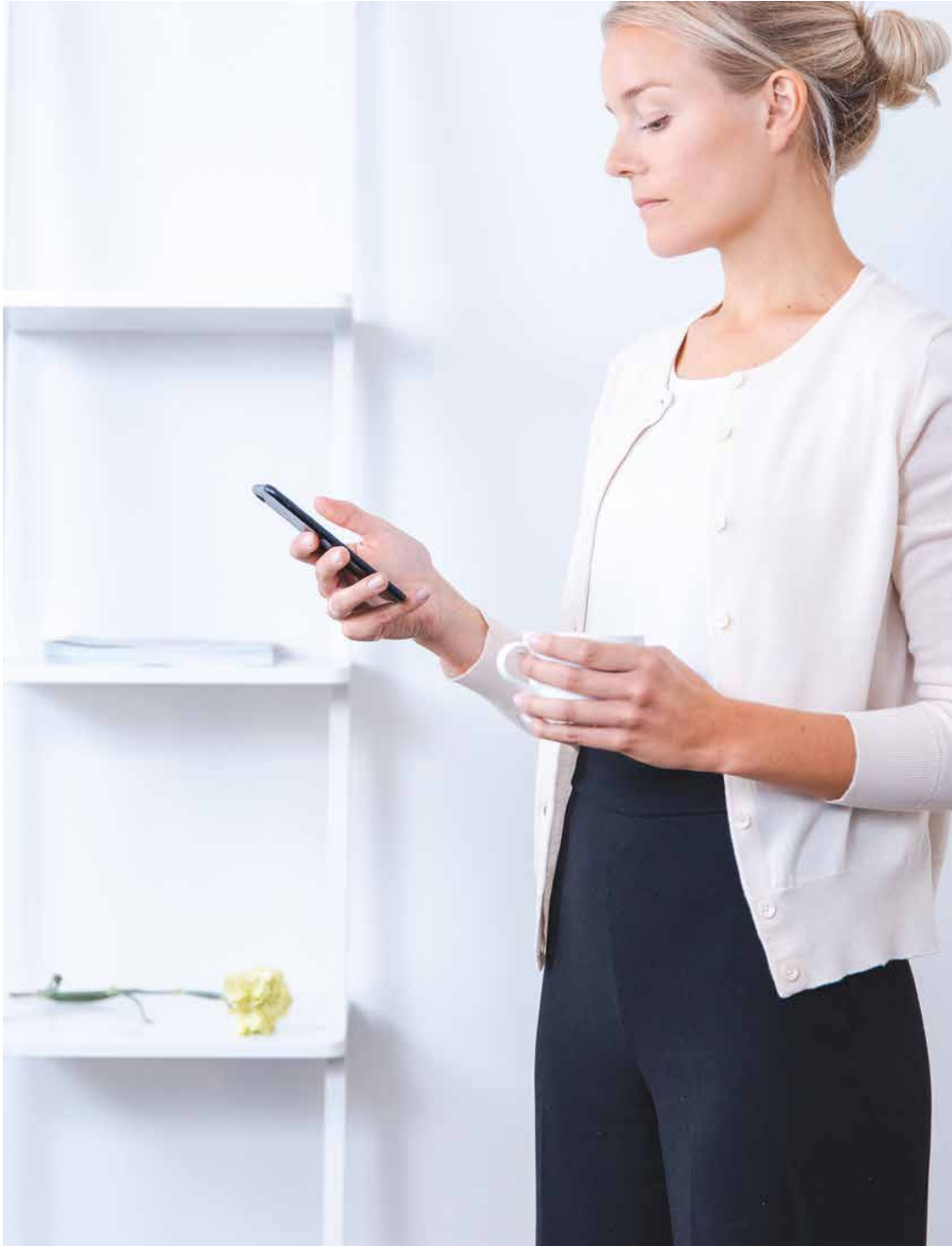
Evli's head office is located in Finland. The company also has branch offices and subsidiaries in Sweden and the United Arab Emirates. In each country, Evli pays its taxes in accordance with local legislation. Evli is committed to ensuring that it complies with all statutory obligations and it discloses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

Results and priorities for 2019

- Evli paid a total of EUR 4.9 million in taxes (2018: EUR 4.2 million).

Economic value generated and distributed 2019

INCOME DISTRIBUTION, M€	2019	2018	2017
Net interest income	0.3	0.7	0.9
Commission income and expense, net	72.2	67.1	65.2
Net income from securities transactions and foreign exchange dealing	3.2	0.7	4.9
Other operating income	0.1	0.1	0.4
Share of profits (losses) of associates	-0.6	2.6	0.6
Total Income	75.2	71.2	72.0
Personnel expenses	24.2	22.9	23.3
Other administrative expenses	14.0	15.9	15.1
Depreciation, amortization and write-down	3.5	2.1	2.3
Other operating expenses	3.7	0.9	1.4
Impairment losses on loans and other receivables	0.1	0.0	0.0
Society			
Taxes	4.9	4.2	4.3
Social security costs	1.4	1.2	1.4
Pension expenses	4.1	3.7	4.2
Equity holders of parent company	15.5	16.0	16.7
Non-controlling interest	1.4	1.3	0.8
Distribution of income	72.8	68.2	69.5



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 analyzed as required by guidelines based on

law. All personnel who have direct contact with clients must take part in annual training events 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 for 2019

- No cases of corruption, bribery or money laundering in the 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 organization, GRI 302-4: Reduction of energy consumption)

Evli's own operations do not have 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 reducing paper consumption, 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 utilizing the opportunities given by technology, Evli offers new forms of services that have a smaller environmental impact than before.

*LEED=Leadership in Energy and Environmental Design.

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 in choosing office furniture durability is an important factor. The food offered on client premises is prepared when possible using local and organic products and food wastage is minimized.

Evli's head office in Helsinki has been part of WWF's Green Office since 2010 and the company's office in Helsinki has also been awarded the LEED* 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 favoring telephone and video conferences. Air travel is monitored in comparison to revenue development. In addition,

employees continuously strive to reduce their ecological footprint in their everyday work.

Results and priorities for 2019

- 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 increased by nine percent. Paper consumption was reduced by up to 160 percent mainly due to the termination of the printed client magazine. Air travel decreased 13 percent compared to 2018.

GOALS AND RESULTS OF GREEN OFFICE ACTIVITIES

	Objectives	2019	2018	2017
Energy consumption (kWh)	-5%/year	9%	-22%	-12%
Paper consumption	-5%/year	-160%	-13%	-9%
Air travel (kg CO ₂)	Air travel, increase in relation to revenue	-13%	-4%	40%

Responsible employer

Evli's success is based on the professional skill of its employees and their ability to create new solutions, added value for the benefit of the clients and 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 characterized 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 2019, the Evli Group had 249 employees, down by two percent on the previous year. Ninety-one percent of the personnel worked in Finland, eight percent in Sweden and almost one percent in the United Arab Emirates.

The total number of new hires in 2019 was 16. New employees do not include summer workers and trainees. The average personnel turnover was 8.5 percent.



PERSONNEL DATA	2019	2018	2017
Personnel	249	254	240
Permanent	224	226	214
Temporary*	25	24	20
On study or parental leave	3	4	6
Full time**	237	243	228
Part time***	12	11	12
Women/men (%)	36/64	38/62	40/60
Average age	41.1	40.5	40.5
Average period of service	9.9	9.1	9.4
Average personnel turnover (%)****	8.5	8.3	9.7
New hires	16	15	16
Sickness absences, days/person	2.2	2.9	4.4
Occupational accidents at work	0	0	0
Training days/person	2.1	3.7	1.9
Personnel covered by performance reviews (%)	100	100	100

*Includes both trainees and summer workers.

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

***Includes both permanent and temporary employees with part-time contracts.

****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 organized 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.

Additional information about Evli's diversity policy: www.evli.com

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 emphasizes 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

length of term. The goal is for both genders to be represented on the Board. Additional information about the Board of Directors diversity on page 134.

Results and priorities for 2019

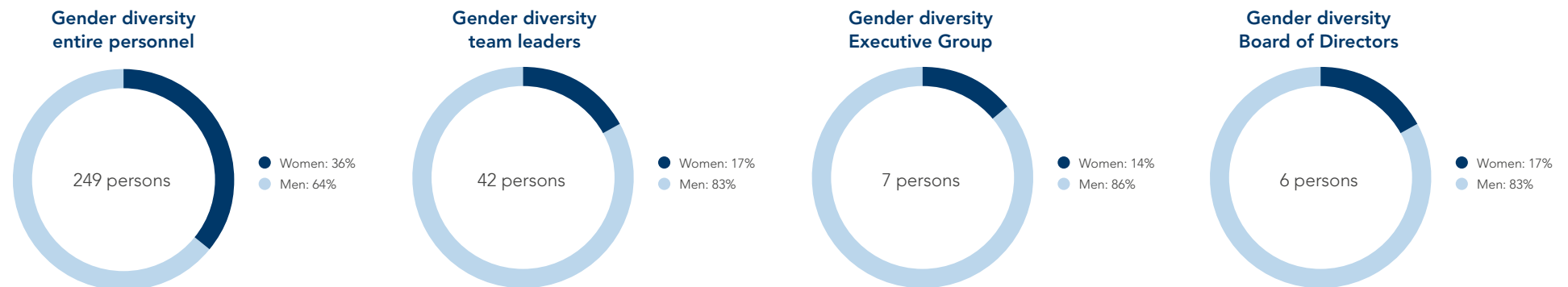
- In Evli's recruiting an increasing focus was on diversity, including collaboration with various stakeholders to make the investment industry more attractive to women.
- More active cooperation with polytechnic schools was started.
- Evli participated in the Hanken & SSE Integration Program and offered a trainee position to one program participants. The aim of the program is to educate and integrate refugees and immigrants into society.

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 is 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 work-life balance. This is supported by offering a flexible work culture, which means, among other things, the possibility of flexible working hours, remote working and a shortened workweek.

EVLI'S DIVERSITY 2019



Evli's employees have access to expert level occupational healthcare, including among others specialist-level doctors, physiotherapy, ultrasounds, MRIs and x-rays. In addition, mental and physical well-being is 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 further development of workplace well-being and practices.

Results and priorities for 2019

- About two percent of the employees worked a shorter week and were for example on part-time childcare leave.
- Evli organized among others pilates for the personnel and the personnel were offered a summer gift card for the city bikes in Helsinki and a chance to participate in the Midnight Run-competition.
- A massage chair is available to Evli's Helsinki office. In addition, Evli pays part of the employees' massage expenses.

Personnel development helps ensure 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 develops its employees' professional expertise, as this enables it to keep up with the changes in the environment and offer innovative solutions that meet market demand. Evli Academy, established in 2006, organizes both internal and external training events to improve 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.

Team leader work 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.

Results and priorities for 2019

- Number of training days per person was 2.1. Training days include both internally organized training and external training.
- About twenty training events were organized at Evli to support personnel development. The trainings included among others data protection trainings and media training.
- Evli continued the training program with Aalto University Executive Education which is available to all employees. The goal of the program, launched in 2017,

is to develop the skills of the employees especially with regards to the challenges of the digitalized environment.

- To support team leaders at their work five information events were organized. These events included information on recruiting, career development and the development paths for employees, as well as the diversity goals.

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 well-being and work-life balance, it can attract new employees and commit them to the company.

Evli's recruitment activities emphasize finding the right people who are prepared to develop to become future top experts at Evli. Fresh graduates or students close to graduation are attracted to work at Evli by offering among others a 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 fairs and recruitment events in Finland and Sweden. Evli's Human Resources also organizes an annual Nuorten Aamu (Student morning) event and corporate visits to Evli for student organi-

zations. In these students can learn about the company and the positions it can offer. The purpose of these events is to increase awareness of Evli among potential employees.

Results and priorities for 2019

- The trainee program was developed from an earlier summer-focused program to a year-round program. During the year, 10 persons participated in the trainee program.
- Evli partnered with the company Mimmit Sijoittaa in order to make the investment industry more attractive for young women.
- Continued collaboration with universities to attract young talents to Evli.

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 17-18.

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 2019 report, the scope and boundaries of the report have remained the same, but to improve the readability of the report, the content has been more closely aligned with the GRI's reporting structure.

GRI 102-50: Reporting period

The reporting period is from January 1 to December 31, 2019.

GRI 102-51: Date of most recent report

Evli's Annual Report 2018 including the Responsibility report was published on February 13, 2019.

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 and communications 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 34-38 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 concern the operations of the Group as a whole unless otherwise is 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

The material topics and their boundaries are listed on page 18.

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 Investments team supports the business areas in matters concerning responsibility and especially the coordination of responsible invest-

ment. 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 has a Responsible Investment team that carries out responsible investment under the Head of Sustainability.

Compliance with the principles of responsible investment at Evli is supervised by the Responsible Investment Steering Group. The members of the Steering Group include management of Evli's Wealth Management unit and portfolio management teams and it meets approximately every three months. Progress of responsible investment is reported annually to Evli Bank's Executive Group.

The Green Office team, which includes members from different business areas, focuses on Evli's own environmental impact. The task of the team is to coordinate Evli's environmental program and to increase its personnel's awareness of responsible operations together with the Head of Sustainability.

*Global Reporting Initiative.

GRI content index

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102-3	Location of headquarters	Financial Statements, p. 63	Aleksanterinkatu 19 A, 00101 Helsinki
102-4	Location of operations	Evli in brief, p. 4-5	
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. 4-5	
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102-15	Key impacts, risks, and opportunities	Megatrends, p. 11	
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102-16	Values, principles, standards, and norms of behavior	Business model, p. 10	
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102-20	Executive-level responsibility for economic, environmental, and social topics	Responsibility, p. 33	
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement, p. 132-133	
102-23	Chair of the highest governance body	Corporate Governance Statement, p. 133	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement, p. 132-133	
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	
102-28	Evaluating the highest governance body's performance	Corporate Governance Statement, p. 134	
102-30	Effectiveness of risk management processes	Risk management and internal control, p. 69-73	
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102-44	Key topics and concerns raised	Responsibility, p. 19	
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102-45	Entities included in the consolidated financial statements	Financial Statements, p. 63	
102-46	Defining report content and topic boundaries	Responsibility, p. 17-18	
102-47	List of material topics	Responsibility, p. 17-18	
102-48	Restatements of information	Responsibility, p. 33	
102-49	Changes in reporting	Responsibility, p. 33	
102-50	Reporting period	Responsibility, p. 33	
102-51	Date of most recent report	Responsibility, p. 33	
102-52	Reporting cycle	Responsibility, p. 33	
102-53	Contact point for questions regarding the report	Responsibility, p. 33	
102-54	Claims of reporting in accordance with the GRI Standards	Responsibility, p. 33	
102-55	GRI content index	GRI content index, p. 34-38	
102-56	External assurance	Responsibility, p. 33	The report has not been externally assured

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION																																																																																
MATERIAL TOPICS																																																																																			
Management approach																																																																																			
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103-2	The management approach and its components	Responsibility, p. 33																																																																																	
Economic topics																																																																																			
Economic performance																																																																																			
201-1	Direct economic value generated and distributed	<table border="1"> <thead> <tr> <th colspan="4">ECONOMIC VALUE GENERATED AND DISTRIBUTED</th> </tr> <tr> <th>Income distribution, M€</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Net interest income</td> <td>0.3</td> <td>0.7</td> <td>0.9</td> </tr> <tr> <td>Commission income and expense, net</td> <td>72.2</td> <td>67.1</td> <td>65.2</td> </tr> <tr> <td>Net income from securities transactions and foreign exchange dealing</td> <td>3.2</td> <td>0.7</td> <td>4.9</td> </tr> <tr> <td>Other operating income</td> <td>0.1</td> <td>0.1</td> <td>0.4</td> </tr> <tr> <td>Share of profits (losses) of associates</td> <td>-0.6</td> <td>2.6</td> <td>0.6</td> </tr> <tr> <td>Total Income</td> <td>75.2</td> <td>71.2</td> <td>72.0</td> </tr> <tr> <td>Personnel expenses</td> <td>24.2</td> <td>22.9</td> <td>23.3</td> </tr> <tr> <td>Other administrative expenses</td> <td>14.0</td> <td>15.9</td> <td>15.1</td> </tr> <tr> <td>Depreciation, amortization and write-down</td> <td>3.5</td> <td>2.1</td> <td>2.3</td> </tr> <tr> <td>Other operating expenses</td> <td>3.7</td> <td>0.9</td> <td>1.4</td> </tr> <tr> <td>Impairment losses on loans and other receivables</td> <td>0.1</td> <td>0.0</td> <td>0.0</td> </tr> <tr> <td>Society</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Taxes</td> <td>4.9</td> <td>4.2</td> <td>4.3</td> </tr> <tr> <td> Social security costs</td> <td>1.4</td> <td>1.2</td> <td>1.4</td> </tr> <tr> <td> Pension expenses</td> <td>4.1</td> <td>3.7</td> <td>4.2</td> </tr> <tr> <td>Equity holders of parent company</td> <td>15.5</td> <td>16.0</td> <td>16.7</td> </tr> <tr> <td>Non-controlling interest</td> <td>1.4</td> <td>1.3</td> <td>0.8</td> </tr> <tr> <td>Distribution of income</td> <td>72.8</td> <td>68.2</td> <td>69.5</td> </tr> </tbody> </table>		ECONOMIC VALUE GENERATED AND DISTRIBUTED				Income distribution, M€	2019	2018	2017	Net interest income	0.3	0.7	0.9	Commission income and expense, net	72.2	67.1	65.2	Net income from securities transactions and foreign exchange dealing	3.2	0.7	4.9	Other operating income	0.1	0.1	0.4	Share of profits (losses) of associates	-0.6	2.6	0.6	Total Income	75.2	71.2	72.0	Personnel expenses	24.2	22.9	23.3	Other administrative expenses	14.0	15.9	15.1	Depreciation, amortization and write-down	3.5	2.1	2.3	Other operating expenses	3.7	0.9	1.4	Impairment losses on loans and other receivables	0.1	0.0	0.0	Society				Taxes	4.9	4.2	4.3	Social security costs	1.4	1.2	1.4	Pension expenses	4.1	3.7	4.2	Equity holders of parent company	15.5	16.0	16.7	Non-controlling interest	1.4	1.3	0.8	Distribution of income	72.8	68.2	69.5
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Anti-corruption and anti-bribery																																																																																			
205-2	Communication and training about anti-corruption policies and procedures	Responsibility, p. 28																																																																																	
205-3	Confirmed incidents of corruption and actions taken	Responsibility, p. 28																																																																																	
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302-1	Energy consumption within the organization	Responsibility, p. 29																																																																																	
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401-2	Full-time staff benefits not provided to fixed-term or part-time staff		All staff benefits are offered throughout staff, 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.
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404-2	Programs for upgrading employee skills and transition assistance programs	Responsibility, p. 32	
404-3	Percentage of employees receiving regular performance and career development reviews	Responsibility, p. 30	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.
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Task Force on Climate-related Financial Disclosures report

Evli has committed to support the Task Force on Climate-related Financial Disclosures (TCFD). This section includes information on Evli's climate risks according to the TCFD framework.

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

1. 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, and
4. indicators and targets for assessing and managing climate-related risks and opportunities.

Identifying climate-related impacts is important because climate change presents both risks and opportunities for asset managers and other investors. 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 services or products that contribute to climate change adaptation and mitigation.

Management

Evli's Board of Directors and Executive Group regularly address climate-related issues as part of a broader debate on responsibility. The Executive Group also discusses and approves the Principles for Responsible Investment and Principles for Climate Change which are observed in Evli's asset management and monitors the development of responsible investment practices in general. In addition, 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's Responsible Investment Steering Group monitors compliance with the Principles for Responsible Investment. The Responsible Investment Steering Group includes executives from Evli's Wealth Management and portfolio management teams. Under the supervision of the Head of Sustainability, the Responsible Invest-

ment 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 the 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 in investment activities. Portfolio managers also take ESG matters, including climate issues, into consideration when analyzing potential investments and making investment decisions.

Strategy

As an asset manager, Evli's most significant climate risks and opportunities are related to investment activities. As such, Evli's strategy focuses on addressing climate-related risks and opportunities and their impact on Evli's products and investment strategies.

TCFD divides climate change-related risks into risks related to the transition to a low-carbon economy and to the physical impacts of cli-

mate 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 realized, 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 materialize 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.

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 fall 2019, Evli organized 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.

Evli has analyzed the sustainability of its investment strategy by conducting scenario analyses on a few of its investment portfolios. However, Evli believes that both the tools available and the quality (e.g. coverage) 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 analyzing and monitoring the greenhouse gas emissions and exclusion of and engaging with

companies. Evli uses external service provider's data to monitor the Principles for Climate Change and in other daily responsibility 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 analyzing the funds' weighted average carbon intensity, which measures the portfolio's exposure to carbon-intensive companies. 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 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 Steering Group may decide to depart from the exclusion.

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 TCFD's recommendations. In addition, Evli participates in a number of investor initiatives (more information on pages 23-24) aimed, among other things, at influencing companies at risk from climate 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 objectives

Evli regularly monitors the development on the carbon footprint of equity and fixed-income funds by calculating their weighted average carbon intensity, that is, by analyzing Scope 1 and 2 emissions* 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 emissions* 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 emission characteristics of a portfolio or help assess future emission trends or emission reduction opportunities. For this reason, Evli also analyzes the proportion of companies owning fossil fuel reserves and compares them with the fund's benchmark index. This will enable 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.

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.

*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's, 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)
Equity Funds						
Evli Emerging Frontier B	353.9		0.0%		41.2%	
Evli Equity Factor Europe B	218.8	46.3%	4.5%	-6.0%	99.4%	99.7%
Evli Equity Factor USA B	251.9	46.9%	4.4%	-0.8%	99.7%	99.6%
Evli Europe B	114.6	-23.4%	0.0%	-10.5%	100.0%	99.7%
Evli Finland Mix B	416.0		0.0%		56.9%	
Evli Finland Select B	414.1	6.9%	0.0%	0.0%	80.0%	90.3%
Evli Finnish Small Cap B	72.7	-28.7%	0.0%	0.0%	36.3%	55.2%
Evli GEM B	725.2	131.3%	17.0%	5.5%	97.0%	99.5%
Evli Global B	56.9	-66.2%	0.0%	-7.2%	100.0%	99.7%
Evli Global X B	57.9	-65.6%	0.0%	-7.2%	100.0%	99.7%
Evli Japan B	63.4	-31.9%	0.0%	-5.9%	95.7%	99.9%
Evli Nordic B	90.8	-30.8%	2.0%	-0.9%	93.0%	98.1%
Evli North America B	101.5	-43.0%	0.0%	-5.8%	100.0%	99.7%
Evli Sweden Equity Index B	39.7	0.0%	0.0%	0.0%	100.0%	100.0%
Evli Swedish Small Cap B	31.2	-56.4%	0.0%	0.0%	85.7%	90.8%
Fixed Income Funds						
Evli Nordic Corporate Bond	295.4	87.8%	2.8%	-6.3%	71.8%	96.5%
Evli Corporate Bond B	281.5	55.4%	3.4%	-4.8%	82.9%	93.7%
Evli Euro Liquidity B	188.3		9.1%		66.3%	
Evli European High Yield B	265.2	49.2%	0.8%	-1.0%	66.2%	84.7%
Evli European Investment Grade B	253.1	20.9%	3.1%	-9.1%	85.4%	95.8%
Evli Short Corporate Bond B	235.5		3.1%		85.1%	
Evli Emerging Markets Credit	919.8	18.1%	13.2%	-5.5%	84.4%	88.2%
Evli Target Maturity Nordic Bond B	187.6		0.0%		52.5%	

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 indices, 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 portfolio. In this report coal reserves refer to the use of coal in energy production (thermal coal).

4) Coverage indicates the share of a portfolio'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.



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