

## Statement on principal adverse impacts of investment decisions on sustainability factors

### Financial market participant

**Vaaka Partners Oy**

### Summary

Vaaka Partners Oy ("Vaaka") considers principal adverse impacts of its investment decisions on sustainability factors and monitors them throughout the investment cycle.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.

Sustainability factors encompass environmental, social and employee matters, respect for human rights, and issues related to anti-corruption and anti-bribery (Regulation on sustainability-related disclosures (EU) 2019/2088 Article 2 (24)). We believe that by considering sustainability factors during the investment process, we not only reduce the business risks associated with the investments but also enhance the returns of the investments and generate a positive impact on society.

### Description of the principal adverse impacts on sustainability factors

At Vaaka, our [Principles for Responsible Investment](#) (PRI) guide our investing activities. These principles are founded on the belief that by identifying and actively influencing relevant sustainability factors, we can both minimize sustainability and business risks and create new growth opportunities. We are committed to integrating sustainability factors both in the preparation of new investment cases and throughout the value creation process.

We assess sector-specific and company-specific material sustainability factors as part of our investment decisions, as well as potential sustainability-related impacts that may arise during the value creation phase. Principal adverse sustainability impacts and their materiality are evaluated on a case-by-case basis and may vary between companies, depending on the industry, nature of the business, and company size.

A more detailed description of the actions taken during the reference period will be provided alongside the reporting of principal adverse indicators on sustainability factors.

## INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
	CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1,563 tCO <sub>2</sub> e	1,562 tCO <sub>2</sub> e	Data covers 100% of the investments. No targets have been set at the investment level. However, at the investee company level, there are existing targets to reduce emissions in 2025.
		Scope 2 GHG emissions	629 tCO <sub>2</sub> e	377 tCO <sub>2</sub> e	
		Scope 3 GHG emissions	54,505 tCO <sub>2</sub> e	50,750 tCO <sub>2</sub>	
		Total GHG emissions	56,698 tCO <sub>2</sub> e	52,689 tCO <sub>2</sub> e	
	2. Carbon footprint	Carbon footprint	59.6 tCO <sub>2</sub> e / €M invested	61.6 tCO <sub>2</sub> e / €M invested	Data covers 100% of the investments.
	3. GHG intensity of investee companies	GHG intensity of investee companies	64.1 tCO <sub>2</sub> e / €M revenue	54.4 tCO <sub>2</sub> e / €M revenue	Data covers 100% of the investments.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	Data covers 100% of the investments. According to Vaaka Partners PRIs' exclusion strategy we apply careful evaluation concerning industries or companies where a heightened exposure to climate risk is identified (e.g., fossil fuel energy).
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy	49%	69%	Data covers 100% of the investments. No actions planned.

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
		sources, expressed as a percentage of total energy sources				
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NACE Sector C: 0.04 GWh/€M NACE Sector G: 0.01 GWh/€M NACE Sector L: 0.03 GWh/€M	NACE Sector C: 0.05 GWh/€M NACE Sector G: 0.01 GWh/€M NACE Sector L: 0.04 GWh/€M	Data covers 100% of the investments. 5 out of 13 investee companies (38.5%) belong to high impact climate sector. NACE sector C: Manufacturing NACE Sector G: Wholesale and retail trade; repair of motor vehicles and motorcycles NACE Sector L: Real estate activities	No actions planned.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	Data covers 100% of the investments.	No actions required.

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 tonnes / €M invested	0.00 tonnes / €M invested	Data covers 100% of the investments.	No actions required.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.32 tonnes / €M invested	0.96 tonnes / €M invested	<p>Data reviewed covers 100% of the investments.</p> <p>2 out of 13 investee companies (15.4%) reported hazardous waste generation in, with one investee company accounting for 99% of the total reported hazardous waste.</p>	No actions planned.

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
	INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	Data reviewed covers 100% of the investments. Most of the investee companies have formal policies for responsible business conduct across human rights, labour rights, and the environment, but they haven't explicitly declared compliance with UNGC principles and OECD guidelines.	Number of investee companies have implemented relevant policies. In 2025, we plan to introduce guidance on the human rights due diligence process to support investee companies in establishing mechanisms to monitor compliance with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	100%	100%		
		12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14%	13%	Data covers 92% of the investments.

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	17%	10%	Data covers 100% of the investments.	Requirement to include female candidates in the recruitment pool has been implemented, and the female-to-male ratio in board has continued to improve. We will continue to drive progress through our board work and guidance.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	Data covers 100% of the investments.  Vaaka Partners does not invest in any kind of arms industry.	Compliance with Vaaka Principles for Responsible Investment. No other actions required.

<p><b>Other indicators for principal adverse impacts on sustainability factors</b></p> <p>In addition to the set of mandatory indicators above, we consider two additional indicators:</p> <p>“Investments in companies without carbon emission reduction initiatives”: This indicator is part of the set of additional indicators related to climate and the environment, as defined in the SFDR (Table 2, indicator 4). We have chosen this indicator to drive awareness and ambition among companies regarding emission reduction initiatives.</p> <p>“Number of days lost to injuries, accidents, fatalities or illness”: This indicator is part of the set of additional indicators related to social and employee matters, respect for human rights, anti-corruption and anti-bribery, as defined in the SFDR (Table 3, indicator 3). We have chosen this indicator because employee engagement is crucial to a company’s success and it relates directly to employee wellbeing.</p>						
Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	85%	86%	Data covers 100% of the investments. 2 out of 13 investee companies are SBTi committed, however several investee companies are driving carbon emission reductions with internally set targets.	Vaaka follows all carbon emission reduction targets set by the investee companies, including internally set targets not aligned with the Paris Agreement. Following the increased awareness, investee companies are considering the relevant way to commit to carbon emission initiatives.
Social and employee matters	Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	4832	4468	Data covers 100% of the investments. The majority of lost working days is related to illness.	Employee and safety policies implemented to strive good development.

## Description of policies to identify and prioritize principal adverse impacts on sustainability factors

Vaaka Partners' PRI (Vaaka PRI) describes the policies and assessment process used to identify and prioritise the principal adverse sustainability impacts of its investment decisions, as well as the approach to ongoing monitoring. The latest update to the PRI was approved by Vaaka Partners' Board of Directors on April 4, 2022.

**During the investment phase**, sustainability factors, including principal adverse sustainability impacts, are assessed through i) exclusion criteria, and ii) analyzing sustainability factors at different stages of the investment process.

- i) According to Vaaka PRI, we cannot invest in companies in the gambling, tobacco, adult entertainment, human cloning, or arms industries. Furthermore, we carefully evaluate industries or companies where a heightened exposure to climate risk is identified.
- ii) During the investment process, Vaaka utilizes a variety of materials, including company disclosures and other publicly available information, alongside our own analysis, to evaluate the potential principal adverse impacts on sustainability factors for each case. Should any principal adverse sustainability impacts be identified, they are reviewed at every step of the investment process before the case progresses further. Ultimately, these impacts are considered by the Investment Committee. In the due diligence phase, Vaaka either utilizes its own ESG Due Diligence checklist or engages an external advisor to identify potential principal adverse impacts on sustainability factors.

Identified sustainability risks, including principal adverse impacts, may lead to the rejection of a potential investment. Conversely, sustainability factors can also strengthen the investment rationale in a particular case, potentially reducing the implied risk level.

**During the value creation phase**, sustainability factors are included in each company's 100-day plan. During this period, the board of directors reviews the existing sustainability guidelines and introduces new ones, as necessary. Additionally, the board of directors of each company, together with the management, is required to assess the sustainability matters of the company at least annually. For the key sustainability items, each company needs to establish a clear development plan which includes regular follow-ups.

The lead partner is responsible for the implementation of Vaaka PRI and consideration of principal adverse impacts on sustainability throughout the entire investment cycle, from the initial case analysis to exit. Additionally, company teams are charged with reporting on sustainability-related matters from their respective companies to the broader Vaaka team.

**When preparing for an exit**, sustainability progress is carefully considered in evaluating an investee company's readiness. The company team ensures that sustainability factors are integrated into pre-exit planning and that key sustainability considerations are included in the exit information memorandum. Additionally, the company team assesses the need to engage an ESG advisor or conduct third-party ESG vendor due diligence.

## Engagement policies

Vaaka Partners is dedicated to promoting good stewardship through our engagement activities. Our primary objectives for these activities are to support long-term value creation and to mitigate risk. Being an active owner is an important element of Vaaka Partners' investment strategy. We believe that by advocating for better management of sustainability factors in companies, we enhance risk management and improve investment returns, as well as generate a positive impact on society.



<p><b>References to international standards</b></p> <p>Vaaka Partners adheres to the UN Principles of Responsible Investment (PRI) guiding our efforts according to the six principles of responsible investment. Additionally, when assessing sustainability factors, we take into account the UN Global Compact Corporate principles. Our aim is to adopt, support and implement the fundamental values of the principles, which address human rights, labor standards, environmental issues, and anti-corruption.</p>
<p><b>Historical comparison</b></p> <p>Historical comparison year: 1 January 2023 – 31 December 2023.</p>