

Vaaka Partners' Principal Adverse Impacts Statement

1. Summary

Vaaka Partners considers principal adverse impacts of its investment decisions on sustainability factors and monitors them through investment cycle (Regulation on sustainability-related disclosures (EU) 2019/2088 Article 4). Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters (Regulation on sustainability-related disclosures (EU) 2019/2088 Article 2 (24)). We believe, that considering sustainability factors during the investment process lowers the business risks related to investments, improves investment returns and has a positive impact to society.

2. Description of principal adverse sustainability impacts

In Vaaka Partners, our [Principles for Responsible Investment](#) (PRI) guides the investing. According to the principles we believe that by identifying relevant sustainability factors and influencing them actively, both minimizes the sustainability and business risks and creates new growth opportunities. We are committed to integrate sustainability factors when preparing new investment cases as well as during value creation.

We assess sector- and company specific material sustainability factors of our investment decisions, and sustainability related effects that might emerge during value creation. The principal adverse sustainability impacts and their materiality are assessed case by case, and they may vary between investee companies depending on industry, nature of the business and size of the company.

Further description of the actions taken during the reference period will be provided together with the reporting of principal adverse indicators on sustainability factors.

3. Description of policies to identify and prioritise principal adverse sustainability impacts

Vaaka Partners' PRI describes the policies and assessment process used to identify and prioritise principal adverse sustainability impacts of its investment decisions, and ongoing monitoring. The latest update of PRI was approved by Vaaka Partners' Board of Directors on 4 April 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 Partners' PRI, we cannot invest in companies in the gambling, tobacco, adult entertainment, human cloning, or arms industries, and furthermore, we apply careful evaluation concerning industries or companies where is identified a heightened exposure to climate risk.
- ii) During the investment process, Vaaka Partners utilizes materials from multiple sources (e.g., company disclosures, publicly available information, own analysis) to evaluate potential principal adverse impacts on sustainability factors of the case at hand. If principal adverse sustainability impacts are identified, they are reviewed at each step before the case moves forward in the investment process, and finally considered by the Investment Committee. In the due diligence phase, Vaaka Partners uses its own ESG Due Diligence checklist or an external advisor to identify potential principal adverse impacts on sustainability factors.

Identified sustainability risks, including principal adverse impacts, can lead to the case at hand being declined. Similarly, sustainability factors can also strengthen the investment rationale for the case and thus lead to reduced implied risk level for the investment.

During the value creation phase, sustainability factors are included in each company's 100-day plan, and during that period the relevant board of directors reviews the existing sustainability guidelines and introduces new ones as necessary. The board of directors of a relevant investee company, together with the management, is required to assess sustainability matters of the company at least annually. For the key items, each investee company needs to have a clear development plan with regular follow-up.

Case- and company team's lead partner is responsible for the implementation of PRI and consideration of principal adverse impacts on sustainability during the entire investment cycle. Company team is responsible for reporting companies' sustainability related matters to the Vaaka team.

4. Engagement policies

Vaaka Partners is committed to supporting good stewardship through our engagement activities. Our primary purposes in engagement are to support long-term value creation and to mitigate risk. Being an active owner is an important part of Vaaka Partners' investment strategy. We believe that by encouraging better management of sustainability factors in investee companies, we contribute to strong risk management and better returns, as well as a positive impact to society.

5. References to international standards

Vaaka Partners follows UN Principles of Responsible Investment (PRI) meaning that we lead our resources according to six principles of responsible investment. Additionally, when assessing the sustainability factors, we consider UN Global Compact Corporate principles. We aim to adopt, support and implement the basic values of the principles which are related to human rights, occupational principles, environmental issues and anti-corruption.