

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

<p><b>Financial market participant</b>  <b>Vaaka Partners Oy</b></p>
<p><b>Summary</b></p> <p>Vaaka Partners Oy considers principal adverse impacts of its investment decisions on sustainability factors.</p> <p>This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.</p> <p>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.</p>
<p><b>Description of the principal adverse impacts on sustainability factors</b></p> <p>In Vaaka Partners, our <a href="#">Principles for Responsible Investment</a> (PRI) guide the investing. According to these principles we believe that by identifying relevant sustainability factors and influencing them actively, we can minimize the sustainability and business risks and create new growth opportunities. We are committed to integrating sustainability factors when preparing new investment cases as well as during value creation.</p> <p>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.</p> <p>Further description of the actions taken during the reference period will be provided together with the reporting of principal adverse indicators on sustainability factors.</p>

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Adverse sustainability indicator	Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	2076 tCO <sub>2</sub> e		In 2022, we measured the indicators to determine the current level. During 2023, we will analyze the data to plan actions and set targets for 2024.
		Scope 2 GHG emissions	532 tCO <sub>2</sub> e		
		Scope 3 GHG emissions	n/a	Scope 3 GHG emissions not calculated in all companies yet.	
		Total GHG emissions	2608 tCO <sub>2</sub> e		
	2. Carbon footprint	Carbon footprint	3.96 tCO <sub>2</sub> e / €M invested		
3. GHG intensity of investee companies	GHG intensity of investee companies	3.0 tCO <sub>2</sub> e/ €M revenue			
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0 %		According to Vaaka Partners' PRI's 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 sources, expressed as a percentage of total energy sources	61 %		In 2022, we measured the indicators to determine the current level. During 2023, we will analyze the data to plan actions and set targets for 2024.	

Adverse sustainability indicator		Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
	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	0.19 GWh / €M revenue	3/13 companies belong to high impact climate sector.	In 2022, we measured the indicators to determine the current level. During 2023, we will analyze the data to plan actions and set targets for 2024.
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 %	No sites or operations located in/near biodiversity sensitive areas.	In 2022, we measured the indicators to determine the current level. During 2023, we will analyze the data to plan actions and set targets for 2024.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 tonnes / €M invested		In 2022, we measured the indicators to determine the current level. During 2023, we will analyze the data to plan actions and set targets for 2024.
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	0.93 tonnes / €M invested		In 2022, we measured the indicators to determine the current level. During 2023, we will analyze the data to plan actions and set targets for 2024.

Adverse sustainability indicator	Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>					
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 %	Most of the 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.	During 2023, we will plan actions and set targets for 2024.
	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 %		
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	27 %		In 2022, we measured the indicators to determine the current level. During 2023, we will analyze the data to plan actions and set targets for 2024.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a	7 %		During 2023, Vaaka Partners' diversity, equity and inclusion (DEI) team will plan actions and set targets for 2024.

Adverse sustainability indicator		Metric	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
		percentage of all board members			
	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 %	Vaaka Partners Oy does not invest in any arms industry of any kind.	

**Other indicators for principal adverse impacts on sustainability factors**

In addition to the set of mandatory indicators above, we consider two additional indicators.

We consider additional indicator: “Investments in companies without carbon emission reduction initiatives”. This indicator is part of the set of additional indicators that relate to climate and the environment, as defined in the SFDR (Table 2, indicator 4). We have selected this indicator because we want to drive companies’ awareness and ambition regarding emission reduction initiatives.

We consider additional indicator: “Number of days lost to injuries, accidents, fatalities or illness”. This indicator is part of the set of additional indicators that relate to social and employee, respect for human rights, anti-corruption and anti-bribery matters, as defined in the SFDR (Table 3, indicator 3). We have selected this indicator because employee engagement is essential to companies’ success and the indicator relates directly to employee wellbeing.

Adverse sustainability indicator		Metric	Impact 2022	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 %	2/13 of companies are SBTi committed	During 2023, we will plan actions and set targets for 2024.
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	6144	The main share of lost working days is related to illness.	In 2022, we measured the indicators to determine the current level. During 2023, we will analyze the data to plan actions and set targets for 2024.

**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

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.

**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.

**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.

**Historical comparison**

The earliest historical comparison will be provided in June 2024.