

Aktia

Appendix to prospectus: Pre-contractual ESG product disclosure

Environmental and/or social characteristics

This is an appendix to the prospectus. Information relating to the environmental and social characteristics or sustainable investment objectives of the funds are provided in accordance with Regulation 2019/2088 on Sustainability-Related Disclosures in the Financial Services Sector.

APPENDIX II

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy, or not.

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852.

Product name: Aktia European High Yield Bond+
Legal entity identifier: 743700DPL6D3RZRDWL39

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective**: %



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective**: %



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of % of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The fund promotes sustainable environmental and social characteristics through the comprehensive ESG integration of its investment processes and versatile methods of active ownership. The fund complies with Aktia's responsible investment policy. Aktia's methods for responsible investment are exclusion, consideration of sustainability factors (ESG integration), norms-based screening, active ownership and engagement. We also strive to form a picture of the investment objects' impact on society that is as good as possible. A more detailed description of Aktia's responsible investment methods is available in Aktia's responsible investment policy. The fund also follows objectives according to Aktia's climate strategy.

The principal adverse impacts ("PAI") and the negative impact of investments on

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

sustainability factors are considered as an integral part of the investment process.

The fund uses a benchmark that does not have comparable environmental or social characteristics with the fund.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

Climate and other environmental indicators and social indicators for the environment or society are used to measure the attainment of characteristics related to these to the extent that relevant information is available. The attainment of environmental and social characteristics promoted by the fund is measured by various quantitative and qualitative indicators. Attainment is measured at portfolio level using an external service provider's method to identify the net impact of the fund. The ESG profile of investments, climate and ESG risks are assessed not only through our own tools but also through, for example, climate risk analyses, company-specific ESG assessments and ESG analyses conducted by service providers. For other investment objects than companies, we use ESG analyses from other sources. In addition, we use a norms-based screening service, which is used to monitor investee companies according to criteria based on the UN Global Compact principles and to identify companies that have not been able to operate in accordance with the Global Compact principles.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

Yes. The investment decision-making process always strives to understand all financially relevant risks and opportunities associated with the investee as well as possible. This also applies to the principal adverse impacts on sustainability factors. As a rule, we aim to form an understanding of how these sustainability impacts affect the investee's profitability and outlook, also taking into account the asset class and investment horizon in question. Information on principal adverse impacts on sustainability factors is used in portfolio management as part of the qualitative analysis.

As assessment methods, Aktia uses both its own tools as well as tools developed by external service providers to identify and analyse diverse sustainability risks and factors in the investment decision-making process. These tools are used as part of the decision-making process and to identify sustainability risks and principal adverse impacts on sustainability before making investment decisions, with the aim of reporting them afterwards. The methods and tools used to identify these risks vary depending on the asset class and the valid definitions in the regulation on sustainability risks. The consideration of sustainability risks is also influenced by the investment horizon and objectives of the investment portfolio as well as by other regulation concerning the portfolio's investment universe.

Information on the principal adverse impacts on sustainability factors is available in the annual reports of the funds as required by the SFDR regulation.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.



What investment strategy does this financial product follow?

The fund promotes sustainable environmental and social characteristics through the comprehensive ESG integration of its investment processes and versatile methods of active ownership. The fund complies with Aktia's responsible investment policy. Aktia's methods for responsible investment are exclusion, consideration of sustainability factors (ESG integration), norms-based screening, active ownership and engagement. We also strive to form a picture of the investment objects' impact on society that is as good as possible. A more detailed description of Aktia's responsible investment methods is available in Aktia's responsible investment policy and a more detailed description of the fund's investment strategy is available in the key investor information document.

In fixed-income funds, environmental and social characteristics are promoted through instrument selection by favouring, for example, bonds whose characteristics include the promotion of an environmental or social characteristic (green, social, sustainability and sustainability-linked bonds) or through which funding is channelled to projects promoting these characteristics.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

In Aktia's view investment objects operating in a responsible manner, in accordance with sustainable norms, are more profitable and have a more positive risk profile in the long term than investment objects that do not operate responsibly. Responsible investment also means that we are striving to achieve the best possible return on the chosen risk level. Responsible investment refers to every action that considers environmental, social and governance (ESG) factors. Aktia also has separate instructions for corporate governance which are followed in all investment activities as well as separate climate principles that are followed by the entire Group.

Exclusion: Sector-specific or value-based screening prevents investment in activities that are assessed to be inappropriate to Aktia's values and investment strategy.

Norms-based screening: Based on the UN Global Compact principles. Information on violations of norms (where available from potential investee companies) is part of the overall analysis carried out by the portfolio manager.

ESG integration: Investee sustainability and ESG risk management is examined based on objective ESG data. ESG risk management and sustainability analysis of the investee company, including environmental (E), social (S), and governance (G,) aspects (where available from potential investee companies), are part of the overall analysis carried out by the portfolio manager.

Active ownership and engagement: The fund complies with Aktia's Stewardship Policy and of responsible investment policy when promoting active ownership and influence. Aktia engages in a varied dialogue to encourage investee companies and states to improve their environmental, social and good governance practices and to promote the long-term perspective in decision-making. We participate in voting at general meetings via a voting service. We also participate in engagement campaigns, for example in relation to climate change, via a service provider. Based on regular norms-based screening, Aktia's ESG committee takes necessary action regarding investees suspected of violating international laws and norms. If the dialogue with the investee fails or is considered useless, the holding may be sold, market situation permitting, additional investments may be discontinued, and the investment may be placed on the list of excluded investment.

Impact on the development of society: The UN Sustainable Development Goals (SDG) and how they are achieved is examined based on an external service provider's modelling. The impacts of the investee on the Sustainable Development Goals (where available from potential investees) are part of the overall analysis of the achievement of the Sustainable Investment Goals carried out by the portfolio manager. The net impact of the investment objects and the fund, i.e., the overall impact on society, the generation and sharing of information, human health, and the environment are also examined.

External service providers are subject to an assessment to determine the methods applied and to ensure the quality of the information. Due to the rapid development of

regulation and standards for non-financial reporting, the quality, coverage and availability of information continue to pose challenges.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

n/a

- ***What is the policy to assess good governance practices of the investee companies?***

The good governance practices of the investee companies are analysed in the fund's investment process before the investment and monitored during the investment. Good governance practices are analysed in accordance with Aktia's responsible investment policy by means of ESG integration (consideration of sustainability factors) and norms-based screening. Safeguards related to governance are included in norms-based screening. Active ownership and influence are also part of Aktia's responsible investment policy. Through corporate influence, corporate governance, and active ownership, Aktia promotes good governance in investee companies as well as a good long-term return development in investee companies or investment portfolios.

The fund's investment process utilises the service provided by an external service provider for norms-based screening and ESG data for the consideration of sustainability factors and the analysis of the governance practices of the investees. In norms-based screening, the service monitors the allocations of our funds according to the criteria based on the UN Global Compact principles and identifies companies that have not been able to operate in accordance with the Global Compact principles. Consideration of sustainability factors is based on qualitative and quantitative methods. ESG data from external service providers is used to analyse sustainability issues related to governance. In addition, the investment process includes a qualitative analysis of the good governance practices of the investee. These include, for example, meetings between investee and fund representatives.

What is the asset allocation planned for this financial product?

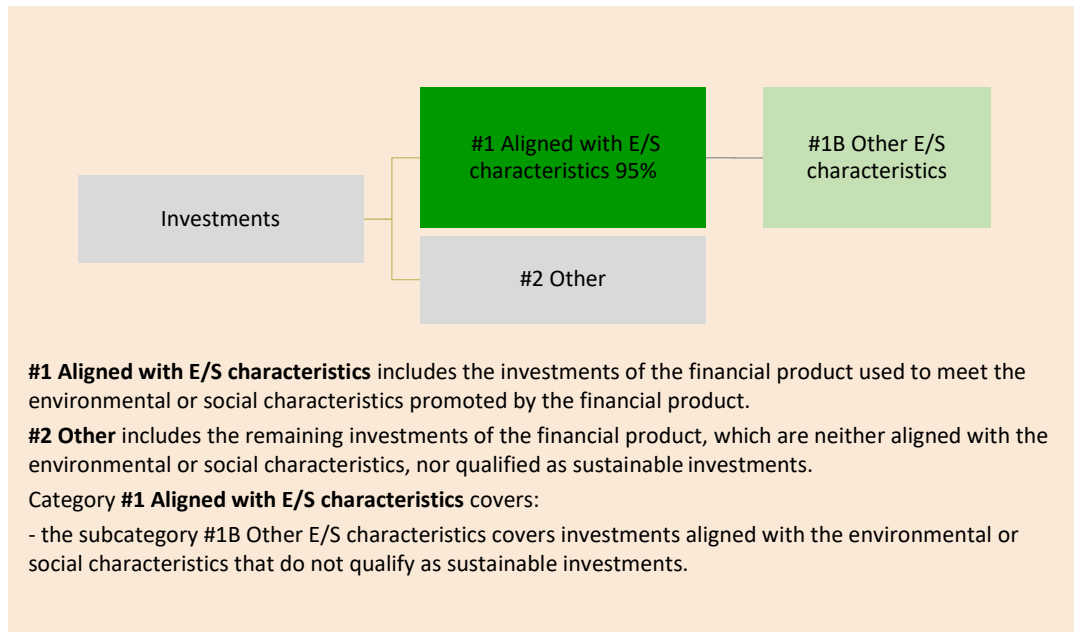
The financial product promotes E/S characteristics, but will not make any sustainable investments. "Other E/S characteristics" covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments. The rest of the asset allocation "Other" includes cash and derivatives, for example.

The asset allocation may change over time, and percentages should be seen as a long-term average. The calculations may be based on incomplete or incorrect business data or third-party data.

Good governance practices include sound management structures, employee relations, remuneration of staff, and tax compliance.



Asset allocation describes the share of investments in specific assets.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

n/a



- **What investments are included under “#2 Other”, what is their purpose, and are there any minimum environmental or social safeguards?**

The financial product has the cash holdings required for its operations. Cash can be held as additional liquidity or for balancing risks. The fund may use derivatives and other investment techniques for the purposes described in the fund prospectus. This group may also include securities for which such information is not available. When applicable, such investments are assessed to ensure that they meet the minimum level of social safeguards.



- **Where can I find more product specific information online?**

More product-specific information can be found on the website:
<https://www.aktia.fi/fi/sijoitustuotteet/aktia-european-high-yield-bond>