

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

---

30 June 2024

**Aktia**

# Summary

Financial market participant Aktia Bank Plc (743700GC62JLHFBUND16)

Aktia Bank Plc (743700GC62JLHFBUND16) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Aktia Bank Plc and its subsidiaries, namely Aktia Life Insurance Ltd (743700R78CJAROKAO614) and Aktia Fund Management Company Ltd (743700HUBI9WYGQK5484).

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

## Summary of principal adverse impacts of Aktia's investment decisions on sustainability factors

Applicable	Theme	Adverse sustainability indicator
Indicators applicable to investments in investee companies	Climate and other environment-related indicators	GHG emissions
		Carbon footprint
		GHG intensity of investee companies
		Exposure to companies active in the fossil fuel sector
		Share of non-renewable energy consumption and production
		Energy consumption intensity per high impact climate sector
		Activities negatively affecting biodiversity-sensitive areas
		Emissions to water
		Hazardous waste and radioactive waste ratio
		Investments in companies without carbon emission reduction initiatives
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters	Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
		Unadjusted gender pay gap
		Board gender diversity
		Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
		Lack of a supplier code of conduct
Indicators applicable to investments in sovereigns and supranationals	Climate and other environment-related indicators	GHG intensity
	Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters	Investee countries subject to social violations
Indicators applicable to investments in real estate assets	Climate and other environment-related indicators	Exposure to fossil fuels through real estate assets
		Exposure to energy-inefficient real estate assets

Aktia's statement on principal adverse impacts of investment decisions on sustainability factors includes compulsory sustainability indicators describing adverse impacts applicable to investments in accordance with the Regulation (EU) 2022/1288 annex I, as well as two optional additional indicators 1. additional climate and other environment-related indicator in accordance with annex I table 2 "Investments in companies without carbon emission reduction initiatives"; and 2. additional indicator for social and employee, respect for human rights, anti-corruption and anti-bribery matters in accordance with annex I table 3 "Lack of a supplier code of conduct".

Aktia's equity, corporate bond and balanced funds, and Aktia's feeder funds investing in such instruments, apply PAI indicators listed in "Indicators applicable to investments in investee companies". Aktia's EM fixed income funds and fixed income funds investing in government bonds apply PAI indicators listed in "Indicators applicable to investments in sovereigns and supranationals". Aktia's real estate funds apply PAI indicators listed in "Indicators applicable to investments in real estate assets".

A description of principal adverse impacts of investment decisions on sustainability factors and applicable sustainability indicators describing the adverse impacts are stated in accordance with the Commission Delegated Regulation (EU) 2022/1288 annex I, tables 1–3. Data source: Morningstar, the figure representing impact in the "Impact" column is reported as the average of the effects observed during each period from 1 January to 31 December on 31 March, 30 June, 30 September and 31 December. The number of financial products covered by this report may also vary between years, which means that the reported figures are not directly comparable. The information provided is based on the situation as per the date the information was retrieved. The reported figures are not binding minimum amounts. The reported figures may change upwards or downwards. The calculation method of the figures may be changed by the service provider and/or imposed by regulations, in which case the reported figures may not be comparable with each other. The figures are based on information provided by the service provider and are based on the best available information. Due to the limited availability of the underlying information and the nature of the data, the information produced may be inaccurate.

# Description of principal adverse impacts on sustainability factors

EU 2022/1288 annex I, table 1

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators	GHG emissions 1. GHG emissions	Scope 1 GHG emissions	126,466.60	110,387.13	tonnes The reported figures are not directly comparable with each other due to the funds launched during 2023, which have been included in the latest figures. In addition, the calculation method of the figures may be changed by the service provider and/or imposed by regulations.	Climate change, including the sub-topic "Climate change mitigation and Energy", has been identified in the double materiality analysis completed in 2024 as an essential topic in Aktia's operations, which we will also report as required by the corporate sustainability reporting Regulation (CSRD).  Aktia has set interim targets for its climate strategy in 2022. According to the interim targets of the climate strategy we are aiming for a -30% reduction of our carbon footprint in our equity and corporate bond funds by 2025, and a -50% reduction by 2030 compared to 2019. We have also published fund-specific ESG reports on Aktia's equity and corporate bond funds describing both the carbon footprint, carbon intensity and investments aligning with the Paris Agreement. For the next reference period we are developing further the observation of climate risks and climate exposures in the investment process. We are regularly following up our funds' climate scenario analyses and performing necessary measures in our funds in order to reduce climate risks, as well as developing our ESG reporting. In addition to fund-specific ESG reports the funds' carbon footprint and carbon intensity are reported every six months as part of the Overview of responsible investment. In the overview, we report our funds and our equity and fixed income funds compliance with the Paris Agreement on Climate change. During 2023 we started updating our Principles for responsible investment and specify e.g. our approach to and our exclusion criteria in connection with fossil and unconventional fossil fuels. The updated principles were published in April 2024.  During the reference period we continued the active ownership and engagement methods: we participated in engagement dialogues, implemented Aktia's direct engagement campaigns, and voted in shareholders' meetings. We participated also in investor initiatives.  We participated in initiatives such as Climate Action 100 +, Transition Pathway Initiative (TPI) as a public supporter, the CDP Science Based Targets (SBTi) campaign and the Net Zero Asset Managers Initiative aimed at mitigating climate change. Aktia is an official supporter of TCFD's reporting recommendations (Task Force on Climate-related Financial Disclosures) and publishes an annual TCFD overview. More information on Aktia's active ownership and engagement can be found on our website: <a href="http://www.aktia.fi/fi/vastuullinen-sijoittaminen/raportit-ja-dokumentit">www.aktia.fi/fi/vastuullinen-sijoittaminen/raportit-ja-dokumentit</a> .
		Scope 2 GHG emissions	36,393.99	35,519.83	tonnes	
		Scope 3 GHG emissions	1,281,824.58	1,057,718.36	tonnes	
		Total GHG emissions	1,444,685.17	1,203,959.94	tonnes	
	2. Carbon footprint	Carbon footprint	72.44 including scope 1 & 2 629.42 including scope 1 & 2 & 3	72.47 including scope 1 & 2 596.66 including scope 1 & 2 & 3	tonnes/MEUR The following funds have not been taken into account in the figure only comprising of scope 1 & 2 due to lack of data: Aktia SolarWind III, Aktia Bioindustry I.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	91.87 including scope 1 & 2 938.03 including scope 1 & 2 & 3	89.77 including scope 1 & 2 777.79 including scope 1 & 2 & 3	emissions/MEUR The figure only including Scope 1 & 2 does not take into account the Aktia Bioindustry I fund due to lack of data.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1.91%	1.96%	N/A	
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	57.1% of energy consumption. 22.02% of energy production	57.78% of energy consumption. 22.33% of energy production.	The following funds have not been taken into in the figures due to insufficient data: Aktia SolarWind III, Aktia Bioindustry I.		
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	7.99	13.96	N/A		
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	1.34 %	1.70 %	N/A  Biodiversity and ecosystems, including the sub-topic "Direct impact drivers of biodiversity loss" and the sub-sub-topics "Climate change" and "Pollution", have been identified in the double materiality analysis completed in 2024 as relevant topics in Aktia's operations, which we will also report as required by the corporate sustainability reporting directive (CSRD).  The topic is also covered in the methods for active ownership and engagement. We will start working on the group's biodiversity strategy during 2024. As part of this, we signed SPRING, the PRI's investor initiative with the aim of mitigating biodiversity loss, at the beginning of 2024. In 2023, we also signed the Nature Action 100 Investor Initiative, which encourages companies to take more ambitious measures to stop biodiversity loss. In the initiative, one hundred companies that are important for biodiversity are influenced.  We have developed a tool for identifying natural capital dependencies based on the ENCORE database and, as part of our biodiversity strategy, we will examine scaling the tool more extensively for portfolio management in the coming years. We are also looking into other methods of integrating biodiversity-related risks and impacts with our investment processes. We are using Upright Project's analysis of investment objects' and funds' impact on the environment. The sub-categories include biodiversity-related impacts.	

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0.85	N/A	<p>Pollution, including the sub-topic "Pollution of air", "Pollution of water and soil" have been identified in the double materiality analysis completed in 2024 as essential topics in Aktia's operations, which we will also report as required by the corporate sustainability reporting directive (CSRD).</p> <p>We are using Upright Project's analysis of investment objects' and funds' impact on the environment. Subcategories consist of impacts related to limited natural resources, such as clean water, and waste-related impacts. We are also looking into other methods of integrating water-related risks and impacts with our investment processes. The topic is also covered in the methods for active ownership and engagement.</p>	
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	0.98	3.09	N/A	<p>Pollution, including the sub-topic "Pollution of air", "Pollution of water and soil" have been identified in the double materiality analysis completed in 2024 as essential topics in Aktia's operations, which we will also report as required by the corporate sustainability reporting directive (CSRD).</p> <p>We are using Upright Project's analysis of investment objects' and funds' impact on the environment. This includes generation of waste. We are also looking into other methods of integrating waste-related risks and impacts with our investment processes. The topic is also covered in the methods for active ownership and engagement.</p>	
<b>Indicators for social and employee matters, 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	0.07 %	0.13 %	N/A	<p>Key international agreements and norms, such as the UN Universal Declaration of Human Rights and corresponding UN conventions, UN Sustainable Development Goals, ILO conventions, and OECD Guidelines for Multinational Enterprises, create a set of values for responsible investment.</p> <p>As part of our work to update the principles for responsible investment, we have also specified our methods of norms-based screening and active ownership and engagement. Target investments are actively monitored from a responsibility perspective, and norms-based reviews of target investments are carried out based on the UN Global Compact principles.</p>
		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	19.25 %	26.90 %	N/A	<p>The service provider ISS ESG 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 principles. The ISS ESG screening includes three categories: no violations, possible problem, verified problem. Most of our investee companies operate in accordance with these principles. If a possible or verified violation of norms or other critical observations from a responsibility perspective are detected in the target companies, engagement dialogues may be initiated with the target company with the aim of inducing the target investment to react to the observation and correct its activities. During the engagement dialogue, the response of the target investment related to the consideration as well as possible remedial measures and changes in business activities are mapped. The means of implementation may be an engagement dialogue via the service provider used for active ownership and engagement, or through Aktia's own engagement and dialogue with the target investment. Portfolio management's findings are also discussed monthly in Aktia's ESG Committee. If, after the engagement dialogue, the outcome and the target investment's measures are not as desired, we take measures for holdings in accordance with our escalation method, market situation allowing. Measures may include selling of holdings, refraining from further investments or continuing engagement dialogues, and possibly, in some time frame, allowing further investments if the investment is found to be otherwise attractive and aligned with the principles for responsible investment. As part of ESG reporting, the Fund reports quarterly on its compliance with norms.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	20.32 %	18.36 %	The figure does not take into account the Aktia SolarWind III fund due to a lack of data.	<p>As part of the investment process, we analyse indicators through, for example, Upright and Bloomberg. Through active ownership and engagement, the topic can also be discussed, for example, in engagement dialogues directly with companies, engagement dialogues through a service provider (pooled engagement), by participating in engagement campaigns and investor initiatives together with other investors, participating in general meetings and exercising voting rights at general meetings either by ourselves or through proxy voting. The methods of active ownership and engagement are reported every six months in the Overview of responsible Investment and annually in pooled engagement and proxy voting reports. During 2023, we participated fully (all of Aktia's funds) through ISS ESG in a total of 130 engagement dialogues with various companies, covering 193 topics. Of these topics, 77 were related to the environment, 57 to human rights, 46 to workers' rights and 13 to corruption. During 2023, we carried out a total of 12 separate engagement dialogues or measures. These related, for example, to the management of companies and possible shortcomings and opportunities for improvement.</p>	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	36.14 %	36.40 %	N/A	<p>As part of the investment process, we analyse indicators through, for example, Upright and Bloomberg. We aim at impacting the Board gender division by participating in companies' nomination committees and by using the right to vote at shareholders' meetings.</p>	
	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 %	N/A	<p>As part of the investment process we exclude controversial weapons from our investments. The exposure is monitored regularly. If we observe exposures in violation of the Principles for responsible investment we review the exposure and take further measures. During 2023, we started updating our Principles for responsible investment, where we specified our approach and exclusion criteria related to e.g. controversial weapons. The updated principles were published in March 2024 and applied in our investment activities.</p>	

## Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator			Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators	Environmental	15. Växthusgasintensitet	GHG intensity of investee countries	0.29	0.44	N/A	<p>Climate change, including the sub-topic “Climate change mitigation and Energy”, has been identified in the double materiality analysis completed in 2024 as an essential topic in Aktia’s operations, which we will also report as required by the corporate sustainability reporting Regulation (CSRD).</p> <p>We take into account in various ways environmental indicators in our country selection model, which forms the base for investment activities in our government bond funds investing in emerging markets and frontier countries. When assessing sovereigns from a responsibility perspective, we take into account, for example, the following responsibility factors: political courses of action, the strength of the government, sensitivity to climate change and biodiversity.</p> <p>Aktia participates in the Advisory Committee of the ASCOR (Assessing Sovereign Climate related Opportunities and Risks) project, the aim of which is to create tools for the sector to observe sovereign climate related opportunities and risks. ASCOR published its first assessments of 25 countries’ climate work at the end of 2023. The work will continue during 2024.</p> <p>During the reference period we continued the active ownership and engagement methods. We participated also in investor initiatives and engagement campaigns, we signed for example the Global Investor Statement to Governments on the Climate Crisis, for the 2023 COP28 Climate Conference. We participate in initiatives such as Climate Action 100 +, Transition Pathway Initiative (TPI) as a public supporter, Science Based Targets (SBTi) and the Net Zero Asset Managers Initiative aimed at mitigating climate change. Aktia is an official supporter of TCFD’s reporting recommendations (Task Force on Climate-related Financial Disclosures) and publishes an annual TCFD overview.</p> <p>For our EM fixed income funds we have started working on including active ownership and engagement methods in meetings with representatives of sovereigns and institutions. Climate is one of the topics of engagement dialogues.</p> <p>More information on Aktia’s active ownership and engagement can be found on our website: <a href="http://www.aktia.fi/fi/vastuullinen-sijoittaminen/raportit-ja-dokumentit">www.aktia.fi/fi/vastuullinen-sijoittaminen/raportit-ja-dokumentit</a></p>
	Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	1.57 %	1.52 %	N/A	<p>We take into account in various ways social indicators in our country selection model, which forms the base for investment activities in our government bond funds investing in emerging markets and frontier countries. When assessing governments from sustainability standpoint, we consider e.g. the following sustainability factors: political courses of action, the strength of the government, social development, economic and fiscal political stability, endurance against external shocks and the will to carry out reforms. As part of the development of the country selection model we have developed the Human Rights exclusion method to be included in the investment process. The exclusion of countries can also take place in an exclusion process where countries that do not meet the minimum standards of human rights or financial transparency are excluded from new investments.</p>

## Indicators applicable to investments in real estate assets

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators	Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0 %	0 %	<p>The funds are investing in rental flats, or the fund's investments focus on rental flats without such exposure. The fund's investments focus also on office premises, which based on our inspection of the official standard industrial classification, are not active in the sector of extraction, storage, transport or manufacture of fossil fuels.</p> <p>These are verified through methods described more in detail in the fund material. The goal is to avoid exposure to fossil fuels through real estate assets also in the future. Basic measures to ensure fulfilment of the fund's strategic and management commitments.</p>
	Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	46 %	14 %	<p><b>Aktia Residential Fund+</b> All investment objects were built before 2021, when according to the definitions of the indicator in question, objects in energy class C or less are energy-inefficient. One of the investment objects was an energy class C object. The rest were in the energy-efficient class B during the whole year.</p> <p><b>Aktia Commercial Properties</b> All investment objects were built before 2021, when according to the definitions of the indicator in question, objects in energy class C or less are energy-inefficient. Three, or 20%, of the investment objects were in the energy-efficient class B.</p> <p><b>Aktia Housing Fund VIII</b> Buildings under construction have been designed for the energy efficiency class A2018. All permanent investments are also in the A2018 class.</p> <p><b>Aktia Residential Fund+</b> During 2023, energy efficiency of the objects has been promoted, for example through updates and adjustments of HVAC equipment and adjustments to building automation settings values. More detailed information on measures and goals can be found in the fund's annual report.</p> <p><b>Aktia Commercial Properties</b> During 2023, the energy efficiency of the objects has been promoted through long term maintenance plan work, for example through airtightness repairs, ventilation device upgrades and adjustments, and lighting renovations. More detailed information on measures and goals can be found in the fund's annual report.</p> <p><b>Aktia Housing Fund VIII</b> Measures to support the acquisition, maintenance or transition towards energy efficiency class A.</p>

# Other indicators for principal adverse impacts on sustainability factors

## EU 2022/1288 annex I, table 2 and table 3

### Additional indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Climate and other environment-related indicators	Emissions	4. 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	16.76 %	18.57 %	N/A	<p>During the reference period we continued the active ownership and engagement methods: we participated in engagement dialogues, implemented Aktia's direct engagement campaigns, and voted in shareholders' meetings. We participated also in investor initiatives.</p> <p>We participated in initiatives such as Climate Action 100 +, Transition Pathway Initiative (TPI) as a public supporter, Science Based Targets (SBT) and the Net Zero Asset Managers Initiative aimed at mitigating climate change. Aktia is an official supporter of TCFD's reporting recommendations (Task Force on Climate-related Financial Disclosures) and publishes an annual TCFD overview. During 2023, we participated through ISS ESG in a total of 130 engagement dialogues with various companies, covering 193 topics. Of these topics, 77 were related to the environment, 57 to human rights, 46 to workers' rights and 13 to corruption. More information on Aktia's active ownership and engagement can be found on our website: <a href="http://www.aktia.fi/fi/vastuullinen-sijoittaminen/raportit-ja-dokumentit">www.aktia.fi/fi/vastuullinen-sijoittaminen/raportit-ja-dokumentit</a>. We will continue ownership and engagement methods in 2024.</p> <p>During 2023 we started updating our Principles for responsible investment and specify e.g. our approach to and our exclusion criteria in connection with fossil and unconventional fossil fuels. The updated principles were published in April 2024 and applied in our investment activities.</p>
	Social and employee matters	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	1.31 %	2.41 %	N/A	<p>We exclude companies using child labour from Aktia's equity and corporate bond fixed income funds. As part of the investment process and follow-up, we also observe the companies' compliance with the UN Global Compact principles. The service provider ISS ESG 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 principles. The ISS ESG screening includes three categories: no violations, possible problem, verified problem. Most of our investee companies operate in accordance with these principles. If a possible or verified violation of norms or other critical observations from a responsibility perspective are detected in the target companies, engagement dialogues may be initiated with the target company with the aim of inducing the target investment to react to the observation and correct its activities. During the engagement dialogue, the response of the target investment related to the consideration as well as possible remedial measures and changes in business activities are mapped. The means of implementation may be an engagement dialogue via the service provider used for active ownership and engagement, or through Aktia's own engagement and dialogue with the target investment. Portfolio management's findings are also discussed monthly in Aktia's ESG Committee. If, after the engagement dialogue, the outcome and the target investment's measures are not as desired, we take measures for holdings in accordance with our escalation method, market situation allowing. Measures may include selling of holdings, refraining from further investments or continuing engagement dialogues, and possibly, in some time frame, allowing further investments if the investment is found to be otherwise attractive and aligned with the principles of responsible investment. As part of ESG reporting, the Fund reports quarterly on its compliance with norms.</p> <p>During 2023, we participated through ISS ESG in a total of 130 engagement dialogues with various companies, covering 193 topics. Of these topics, 77 were related to the environment, 57 to human rights, 46 to workers' rights and 13 to corruption. More information on Aktia's active ownership and engagement can be found on our website: <a href="http://www.aktia.fi/fi/vastuullinen-sijoittaminen/raportit-ja-dokumentit">www.aktia.fi/fi/vastuullinen-sijoittaminen/raportit-ja-dokumentit</a>. We will continue ownership and engagement methods in 2024.</p>

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

[Information referred to in Article 7]

We take sustainability risks and factors into account in the investment decision-making process, and when giving investment and insurance advice. The guidelines for responsible investing at Aktia are presented in Aktia's Principles of responsible investing. These principles describe Aktia's approach to responsible investing, the organisation and reporting of responsible investing and the main methods for implementing these principles. Aktia uses both its own tools as well as tools developed by external service providers as assessment methods to identify and analyse diverse sustainability risks and factors in the investment decision-making process. These tools are used as an integral part of the decision-making process also for identifying sustainability risks and principal adverse impacts on sustainability factors before making investment decisions and with the aim of reporting them afterwards. Data sources are e.g. ISS ESG, Morningstar/Sustainalytics, Upright Project and Bloomberg. Information on sustainability risks and factors will be considered as part of the product offering and maintained and updated regularly. The information will also be considered in our materials and reports on investment and insurance advice. 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 methodology takes into account as extensively as possible the likelihood and severity of these main adverse impacts, including their potentially irreversible nature. Any incomplete data is complemented by qualitative and quantitative measures. Any methodological error margin and explanation of the margin are provided by service providers. The consideration of sustainability risks is influenced by the investment horizon and objectives of the investment portfolio as well as by other regulation concerning the portfolio's investment universe. In this context, sustainability risks refer to an event or circumstance related to the environment, society or governance, the realisation of which could have a real or potential negative material impact on the value of the investment. In this context, sustainability factors refer to matters relating to the environment, society and employees as well as to the respect of human rights and anti-corruption and anti-bribery matters. Indicators on the main adverse impacts of investment decisions on sustainability factors that are taken into account in investment activities and the additional indicators selected have been selected on the basis of materiality so that the indicators that are relevant for value creation from the perspective of portfolio management are taken into account. In addition, the availability and reliability of data as well as the economic materiality by asset class and investment strategy is considered.

Internal guidelines and directives describe their scope of application, owner and interpreter.

Principles for Responsible Investment (approved on 4 February 2024 by the CEO of Aktia Bank Plc / Board of Aktia Fund Management Company Ltd / Board of Aktia Life Insurance Ltd) are updated as necessary, at least every 3 years.

Directive on the Principles for corporate governance (approved on 25 January 2023 / CEO of Aktia Bank Plc) is updated annually.

Statement on sustainability risks (approved on 4 March 2021 / CEO). Updated when necessary.

## Engagement policies

[Information referred to in Article 8]

Aktia's engagement policies aim to ensure that Aktia's or its partners' activities do not cause significant harm to society and employees, and that activities do not violate human rights or participate in corruption and bribery. Investee companies are monitored regularly and their alignment with e.g. the UN Global Compact principles is reported regularly. If a significant number of such principal adverse impacts, as described in appendix I tables 1–3 in EU 2022/1288, is observed, or if these adverse impacts are significantly larger compared to the reference group, guidelines and principles are updated in order to prevent, correct and alleviate the impacts. Applicable engagement policies are:

### Principles for responsible investment

The principles describe our responsible investment methods in different asset classes, methods for active ownership and engagement, the organisation and responsibilities for responsible investment, as well as reporting. The principles are intended as a guideline for responsible investment in Aktia Bank Plc ("Bank") and its subsidiaries Aktia Fund Management Company Ltd ("Fund Management Company") and Aktia Life Insurance Ltd ("Life Insurance") (together hereinafter "Aktia"). The Bank complies with these principles when managing customers' investment assets based on the wealth management agreements, the Fund Management Company complies with these principles in the funds it manages. Additionally, Aktia Bank Plc and Aktia Life Insurance Ltd comply with these principles in their own investment activities.

### Principles for corporate governance

The principles define the corporate governance goals and our expectations towards the investee companies, and describe among others the principles for engagement relating to the use of voting rights and guidelines for participating in nomination committees. Aktia's principles for corporate governance define the methods and manners for implementing corporate governance, through which Aktia seeks to influence the management and policies of equity and corporate bond investments in a way that supports the long-term value of the funds and the investment portfolios it manages. The principles are intended as a guideline for rights and ownership relating to equity and corporate bond investments for Aktia Bank Plc ("Bank") and its subsidiaries Aktia Fund Management Company Ltd ("Fund Management Company") and Aktia Life Insurance Ltd ("Life Insurance") (together hereinafter "Aktia"). The Bank complies with these principles when managing customers' investment assets based on the wealth management agreements, the Fund Management Company complies with these principles in the funds it manages. Also Life insurance complies with these principles. The principles observe applicable regulation and the

recommendations on corporate governance in the sector. Aktia seeks also to promote its climate strategy goals with the methods described in the principles for corporate governance. The goals are connected to the mitigation of relative average greenhouse gas emissions. Within climate and other environment-related indicators the essential indicators to be considered are greenhouse gas emissions (indicators 1–6).

### Statement on sustainability risks and sustainability factors

Identification and consideration of sustainability risks and sustainability factors in Aktia Group's investment activities and investment advice. Aktia considers the sustainability impacts of investments on the environment, society and governance. The statement affects all investment decision-making, and investment and insurance advice in the Aktia Group, both in the management of funds and other customer assets, as well as the investment activities in Aktia Bank Plc's and Aktia Life Insurance Ltd's balance sheet.

## References to international standards

[Information referred to in Article 9]

Aktia complies with international codes of conduct, due diligence and reporting related to responsible business activities. Key international agreements and norms, such as the UN Universal Declaration of Human Rights and corresponding UN conventions, UN Sustainable Development Goals, ILO conventions and OECD Guidelines for Multinational Enterprises, create a set of values for responsible investment. Aktia supports and/or has signed a number of international conventions and initiatives. We have had our own Principles for responsible investment since 2006. Aktia's climate strategy was drawn up in 2021. Aktia has signed the Principles for responsible investment (PRI) and Principles for Responsible Banking (PRB) supported by the UN. We are a member of Finland's Sustainable Investment Forum (FINSIF). We participate in investor initiatives to curb climate change, including Climate Action 100+, Transition Pathway Initiative (TPI) as a public sponsor, the CDP Science Based Targets (SBTi) campaign and Net Zero Asset Managers Initiative. We report to the CDP on our climate impacts and encourage companies to start climate reporting through CDP campaigns. We are also a public supporter of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We are committed to setting group-wide emission reduction targets over the next two years, in line with the international Science Based Targets (SBTi) initiative. Science Based Targets refers to emission reduction targets in line with the latest climate science. The objectives are considered to be "science based" if they are in line with the objectives of the Paris Agreement on Climate change. Aktia is also a member of the Alternative Investment Management Association (AIMA), Standards Board for Alternative Investments (SBAI), Green Building Council Finland and participates in the ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) Advisory Committee. In addition, as part of the group's biodiversity work, we have signed SPRING, the PRI's investor initiative, with the aim of mitigating biodiversity loss and the Nature Action 100 investor initiative, which encourages

companies to take more ambitious measures to halt biodiversity loss.

We report on sustainability risks and the principal adverse impacts on sustainability factors as required by regulation and as part of our other responsible investment reporting to our customers and stakeholders. As a source of information, we use external service providers' tools for reporting and analysing sustainability risks and responsibility factors, such as the principal adverse impacts on sustainability factors (PAI), climate risk analyses, climate scenario analyses and enterprise-specific ESG analyses. Key indicators for identifying climate-related risks include carbon footprint (scope 1, 2 and 3), relative carbon footprint, carbon intensity and climate-related PAI indicators. A central method for using the information above as a part of investment activities is to identify the investee companies' performance in proportion to the reference group Data sources are e.g. ISS ESG, Morningstar/Sustainalytics, Upright Project and Bloomberg. In company-related investment activities, coverage is mainly good, and the methods used describe and predict the main adverse impacts of the investee companies. In private equity funds, feeder funds and fund of funds' master funds the portfolio managers of the master fund follow their own processes and methods for using corresponding information.

In the forward-looking analysis we are using IEA's SDS (sustainable development scenario), delivered by ISS ESG, as the most important climate warming scenario. We report a scenario analysis to our equity and fixed income funds every six months according to different global warming scenarios as part of the climate risk analysis. Based on this, we assess whether our portfolio is in line with the under 2-degree and 1,5-degree climate warming scenario.

In addition, Aktia will report as required by the Corporate Sustainability Reporting Directive (CSRD) from the financial year 2024 onwards. The following topics have been identified as relevant topics in the double materiality analysis: Climate change, including the sub-topic "Climate change mitigation and Energy"; Biodiversity and ecosystems, including the sub-topic "Direct impact drivers of biodiversity loss" and the sub-sub-topics "Climate change" and "Pollution"; Pollution, including the sub-topics "Pollution of air", "Pollution of water and soil"; Circular economy, including the sub-topics "Resources inflows, including resource use", "Resource outflows related to products and services", and "Waste".

## Historical comparison

[Information referred to in Article 10]

Financial market participants shall after the second reporting period provide in the section 'Description of principal adverse impacts on sustainability factors' in Table 1 a historical comparison of the period reported on with the previous period reported on and, subsequently, with every previous period reported on up to the last five previous periods.





**Think  
further  
Aktia**