

Identifying and considering sustainability risks and sustainability factors in Aktia Group's investment operations and investment advice

This statement applies to all decision-making on investments and investment and insurance advice in Aktia Group, both in the management of funds and other client assets, as well as in the investment activities of Aktia Bank Plc and Aktia Life Insurance Ltd's own balance sheet.

Information on the identification and prioritisation of sustainability risks and principle adverse sustainability impacts and indicators

We take sustainability risks and sustainability factors into account in the decision-making processes on investments and in providing investment and insurance advice. The guidelines for responsible investment in Aktia are described in Aktia's responsible investment policy. This policy describes Aktia's approach to responsible investment, organisation of responsible investment, reporting and the main methods for implementing the policy.

As assessment methods, Aktia uses tools developed by both in-house as well as by external service providers to identify and assess a wide range of sustainability risks and factors in the decision-making process relating to investments. These tools are also used as part of the decision-making process to identify sustainability risks and the principle adverse sustainability impacts prior to investment decisions, and to report on them after investments. Information on sustainability risks and factors is taken into account as part of the product offering and is regularly maintained and updated as part of our materials and reports regarding investment and insurance advice. The methods and tools used to identify these risks vary depending on the asset class and according to the current regulatory definitions of sustainability risks. Sustainability risks are also affected by the investment horizon, investment goals, and other regulations of the portfolio's investment universe.

In this context, "sustainability risk" refers to an event or circumstance relating to the environment, society or governance, the realisation of which could have an actual or potential negative material impact on the value of the investment. In this context,

"sustainability factors" refer to environmental, social and labour matters, respect for human rights, and the fight against bribery and other forms of corruption. As the principle adverse sustainability impacts are confirmed, the availability and reliability of data, asset class, and investment strategy-specific financial materiality will be taken into account in their prioritisation.

Description of the principle adverse sustainability impacts and related actions taken or planned

Aktia's decision-making process on investments and investment and insurance advice always aim to understand as well as possible all financially material risks and opportunities related to investments. This also applies to the principle adverse sustainability impacts. In principle, we strive to form an understanding of how these sustainability impacts affect the profitability and prospects of the investment object, also taking into account the asset class and the investment horizon at any given time, and also always taking into account the best interest of the client or unit holder in the case of customer asset management. Information on the principle adverse sustainability impacts is used in portfolio management as part of qualitative analysis. We have not defined any limit values for these principle adverse sustainability impacts, which could, for example, directly exclude a particular investment object from our investment universe. As a continuous measure, we are engaged in active discussions with service providers and stakeholders regarding the principle adverse sustainability impacts data collection.

Summary of engagement policies

Aktia also has its own engagement policy in force, which are followed throughout Aktia Group. This policy defines the goals of corporate governance and our expectations of the companies that are the investment objects, and describe, among other things, the principles of engagement, the exercise of voting rights and the practices related to participation in nomination committees. Aktia's responsible investment policy also describes how we engage with Governments.

Compliance with responsible business conduct and internationally recognised standards for due diligence and reporting

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 value system for responsible investment. We have had our own principles of responsible investment since 2006. Aktia's climate strategy was drawn up in 2021.

Aktia has signed the Principles of Responsible Investment (PRI) and Principles of 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+, Science Based Targets (SBTi), and Net Zero Asset Managers Initiative. We report to the CDP (Carbon Disclosure Project) 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. 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. 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. As part of the climate risk analysis, we regularly carry out a scenario analysis for our funds according to different climate warming scenarios. Based on this, we assess whether our portfolio is in line with the 2-degree climate warming scenario.

This document was updated on 30 November 2022 and will be specified as necessary.