



# Overview of responsible investment

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H2/24

**Aktia**

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# Responsible investment at Aktia

We believe that businesses operating in a responsible manner, in accordance with sustainable norms, are more profitable in the long term than companies that do not operate sustainably. To us responsible investment means that we are striving to achieve the best possible return on the chosen risk level. When we speak of responsible investment activities, we are referring to every action that considers environmental, social and governance (ESG) factors. Responsibility is an integral part of our investment activities and the principles of responsible investment are complied with in all the funds we manage. The principles for responsible investment are also followed in our discretionary asset management and our other investment services.

Central 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 has signed the UN supported Principles for Responsible Investment (PRI) and Principles for Responsible Banking (PRB). We are a member of FIBS (Finnish Business & Society), the largest Nordic corporate responsibility network, and FINSIF (Finland's Sustainable Investment Forum), a Finnish organisation that promotes responsible investment.

We participate in investor initiatives on topics such as climate change mitigation and adaptation as well as safeguarding and promoting biodiversity, such as Net Zero Asset Managers (NZAM), Climate Action 100+ and Nature Action 100 and PRI Spring. Aktia is committed to setting climate targets in line with the Science Based Targets initiative. We report on the climate impacts of our operations to CDP (formerly Carbon Disclosure Project) and encourage companies to start climate reporting through CDP campaigns. We are also a public supporter of the Transition Pathway Initiative (TPI) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In addition, Aktia is a member of AIMA (Alternative Investment Management Association), SBAI (Standards Board for Alternative Investments), and Green Building Council Finland.

## PRINCIPLES OF RESPONSIBLE INVESTMENT

exclusion  
considering responsibility factors  
norm-based screening  
active ownership and engagement  
impact investing

## ACTIVE AND IMPACTFUL PARTNERSHIP

PRI (Principles for Responsible Investment)  
UN PRB (UN Principles for Responsible Banking)  
FINSIF (Finland's Sustainable Investment Forum)  
FIBS (Finnish Business & Society)  
CDP (formerly Carbon Disclosure Project)  
NZAM (Net Zero Asset Managers Initiative)  
SBTI (Science Based Targets Initiative)  
TPI (Transition Pathway Initiative)  
TCFD (Task Force on Climate-related Financial Disclosures)  
Climate Action 100+  
Nature Action 100  
PRI Spring  
AIMA (Alternative Investment Management Association)  
ASCOR (Assessing Sovereign Climate related opportunities and risks)  
Green Building Council Finland  
SBAI (Standards Board for Alternative Investments)

## TOOLS

ISS ESG  UPRIGHT 

## EXPERT RESOURCES

An experienced ESG team  
Aktia's ESG committee  
ESG experts within every asset class

# We build a more sustainable future through impact and responsibility across asset classes



**98%**

of AuM in Aktia's funds in SFDR Article 8 and Article 9 aligned funds

**5**

**Aktia's impact investing funds**

Aktia Impact  
Aktia Sustainable Government Bond  
UI-Aktia Sustainable Corporate Bond  
Aktia SolarWind III  
Aktia Bioindustry I



**+28%**

**Net impact of Aktia's funds**

A positive net impact means that our funds achieve on average more positive external effects than negative ones.

**TOP 3 NET IMPACT:**

Aktia Sustainable Government Bond +51%  
UI-Aktia Sustainable Corporate Bond +50%  
Aktia Impact +45%



**-54%**

Aktia funds' carbon footprint lower than the benchmark index

**2050**

**Carbon neutrality in investment portfolios**



# Key events H2/2024



## Sustainability Forum

Aktia's ESG team has launched Sustainability Forums for the staff, where current sustainability themes are discussed. In 2024, the topics of the Sustainability Forums included the development of sustainable finance regulation, sustainability reporting, and active ownership and engagement. The purpose of the Sustainability Forums is to convey easily understandable information about sustainability and responsibility issues and to increase employees' understanding of their impact on their own work.

## Sitra's TNFD Training Program

In the fall of 2024, we participated in a training program on biodiversity organized by Sitra. The training focused on the Taskforce on Nature-related Financial Disclosures (TNFD) framework and integrating nature into financial decision-making. As part of the work on biodiversity, we conducted analyses in 2024 on the dependence of our funds on natural capital and their impact on biodiversity.



## ASCOR

At the end of 2024, a Finsif event was organized at Aktia where an Aktia representative explained the ASCOR (Assessing Sovereign Climate-Related Opportunities and Risks) tool and its possible uses. ASCOR is the first publicly available tool that investors can use to assess the climate risk of sovereign issuers. In 2024, ASCOR published expanded data covering information on emissions data, climate policy, and climate finance from 70 different countries. Aktia is one of the original funders of the project and participated in ASCOR's advisory committee during the first phase of the project as the only Finnish asset manager.

# Aktia's climate strategy

We are aware that the world is changing and we must change with it. Just adapting to the change is not enough – we want to be at the forefront. Global challenges require global solutions, and we want to contribute to a sustainable future through our investments and our own activities.

Aktia launched its climate strategy in September 2021. Interim targets were added in 2022. Our climate objectives extend to 2050 and will guide activities across the Group from now on. Our goal is carbon neutrality in the investment portfolios by 2050, the operating environment permitting. In lending, the goal is to reduce carbon emissions and exposure. When it comes to Aktia Group's own activities, the goal is, among other things, to achieve net carbon neutrality in the energy consumption of all rented premises by 2030.

Interim targets for wealth management in the climate strategy by 2025: the carbon footprint of equity and corporate bond portfolios -30%, share of green bonds in corporate bond funds 35%. Carbon footprint of equity and corporate bond portfolios -50% by 2030. The reference year is 2019.

Aktia's climate work has already previously showed positive results. We are actively involved in promoting responsibility and encouraging companies to adopt more responsible policies and more transparent responsibility reporting. We participate in investor initiatives and engagement campaigns with other operators in the sector. These include initiatives such as Climate Action 100+, and Net Zero Asset Managers Initiative, which aim to mitigate climate change.

Aktia is committed to set the short and long-term climate goals according to Science Based Targets initiative (SBTi). This means that we will evaluate and develop our current climate goals according to the initiative. The goal is to limit global warming to 1,5 degrees from pre-industrial in line with the Paris Agreement. We will send our targets for validation to the SBTi in 2026 at the latest. We are also a public supporter of the Transition Pathway Initiative (TPI) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Aktia is also one of the original funders of ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) and participated in the project's advisory committee during the first phase as the only Finnish asset manager. The aim of the project is to create practical tools to support investors in their assessment of sovereign climate-related risks and opportunities.

## AKTIA'S CLIMATE OBJECTIVES

1

Carbon neutrality in investment portfolios by 2050

2

In lending, the offering of sustainable financing and the reduction of carbon emissions and exposure

3

In Aktia's own activities, net carbon neutrality in the energy consumption of all rented premises by 2030

\* TPI, Transition Pathway Initiative. TCFD, Task Force on Climate-related Financial Disclosures.  
\*\* ASCOR, Assessing Sovereign Climate-related Opportunities and Risks. TCFD, Task Force on Climate-Related Financial Disclosures.  
\*\*\*Source: Institutional Shareholder Services, ISS ESG, 31 December 2024.

## 2050

CO<sub>2</sub> neutrality in investment portfolios by 2050.  
**Interim target 2025:**  
the carbon footprint of equity and corporate bond portfolios -30%, share of green bonds in corporate bond funds 35%.  
**Interim target 2030:**  
carbon footprint of equity and corporate bond portfolios -50%.

## SBTi Initiative

Aktia is committed to align its climate goals with the Science Based Targets initiative.

## TPI & TCFD

Public supporter of the TPI and the TCFD reporting recommendations\*.  
  
**-54%**  
The carbon footprint of funds managed by Aktia is 54% lower than the benchmark index 12/2024.\*\*\*



# Aktia and biodiversity

In addition to the climate, another important environmental theme has gained increasing attention in recent years, namely biodiversity. Degraded biodiversity, i.e. biodiversity loss and climate change, pose systemic risks to investors. Climate change is one of the main drivers of biodiversity loss, and biodiversity loss accelerates climate change. Biodiversity has been identified as a relevant topic for the Aktia in the double materiality assessment and we will report on it in accordance with the CSRD. As part of this, we have started work on a biodiversity strategy, objectives and targets.

Biodiversity has already been strongly incorporated into our active ownership and engagement. Aktia is part of the Spring investor Initiative launched by the UN-sponsored Principles for Responsible Investment (PRI), which aims to halt biodiversity loss by 2030. Spring is a global initiative supported by more than 200 investors. Aktia will have an active role in the dialogue with certain companies. Aktia also participates in the Nature Action 100 initiative. It is the first international investor initiative seeking a solution to the acute crisis of biodiversity and nature loss.

Aktia has also analysed its funds' dependencies on natural capital and ecosystem services and reported on the impacts of its activities on biodiversity. This work will continue with determination in the future with the help of various tools.

One of the tools for examining dependencies on nature is Upright Project that models the net impact of companies. Upright takes into account factors such as habitat loss, endangered species, invasive species, animal suffering, land use, land degradation, desertification, soil compaction and ecosystem services. In the analysis, we examined the negative and positive impacts of our equity and corporate bond funds on biodiversity.

The ENCORE tool has been used to analyse the funds' dependencies on nature. The data it produces can be used to examine the extent to which, for example, the sectors included in the fund depend on ecosystem services provided by nature and the impact of their activities on biodiversity loss. Based on the analysis the most significant dependencies on natural ecosystem services for equity funds are, for example, groundwater,

surface water and protection against floods and storms. Global Canopy, UNEP FI and UNEP-WCMC, which together form the ENCORE partnership, are responsible for the development and administration of the tool.

In addition, we analyse biodiversity using PAI data, i.e. the principal adverse impacts on sustainability factors, for which we use data from Morningstar/Sustainalytics at both fund and target investment levels, such as the negative impact on biodiversity. The principal adverse impacts on sustainability factors (PAIs) are defined according to the EU regulation on sustainability-related disclosures in the financial services sector (SFDR) and are used to measure the negative impacts of investments on sustainability factors.



**Biodiversity has been strongly incorporated into our active ownership and engagement.**

## 2024

Aktia starts reporting on biodiversity in accordance with the CSRD.

## Nature Action 100

Signatory to the initiative.

## PRI Spring

Signatory to the initiative.



## Responsible investment at Aktia

# Results and impact



# Sustainability in Aktia’s funds

From one year to the next, Aktia’s asset management has collected prizes both in international and domestic comparisons. Morningstar, an independent third party, produces data and ratings for investors as well as an assessment of the sustainability of Aktia’s funds. Morningstar utilises ESG and climate data produced by Sustainalytics, which is also used in Aktia as part of portfolio management.

ESG describes responsibility in relation to three topics: environmental (E), social (S), and governance (G). The methodology is based on the assessment of ESG risks and their impact on the financial value of actors. The analysis is based on general ESG views prevailing in the market. This is a sustainability analysis carried out by Morningstar and their view on sustainability.

The sustainability rating of the funds is also available on Aktia’s website.

The sustainability rating, i.e. the globes, describes Morningstar’s assessment of the sustainability risks of the funds (ESG risks) and how well ESG risks have been considered in the funds’ investment objects. The more globes, the smaller the ESG risks of the fund in relation to the fund’s reference group.

The Morningstar® Low Carbon Designation™ is assigned to portfolios that have low carbon risk scores and low levels of fossil fuel exposure. Carbon risks can be realised as a loss of economic value as society moves towards a more low-carbon economy and if the investment business depends on fossil fuels, for example.

“47% of Aktia’s funds are more sustainable than their reference group. In Morningstar’s estimate, 80% of our funds receive at least 3 globes in the sustainability rating, which means that they are rated as at least as sustainable as funds in the reference group. In addition, seventeen Aktia funds are assigned the Low Carbon Designation™.

Fund	Morningstar Sustainability Rating™	Carbon Risk Classification	SFDR disclosure regulation
Aktia Capital		low risk	Article 8
Aktia Solida		low risk	Article 8
Aktia Sustainable Government Bond		low risk	Article 9
Aktia Wealth Allocation 75		low risk	Article 8
Aktia America		low risk	Article 8
Aktia Emerging Market Equity Select		low risk	Article 8
Aktia Emerging Market Local Curr Bond+		low risk	Article 8
Aktia Impact		low risk	Article 9
Aktia Passive Japan		low risk	Article 8
Aktia Passive USA		low risk	Article 8
Aktia Secura		low risk	Article 8
Aktia Wealth Allocation 25		low risk	Article 8
Aktia Wealth Allocation 50		low risk	Article 8
UI - Aktia Sustainable Corporate Bond		low risk	Article 9
Aktia Corporate Bond+		low risk	Article 8
Aktia Emerging Market Corporate Bond+		medium risk	Article 8
Aktia Emerging Market Local Curr Frontier Bond		low risk	Article 8
Aktia Equity Allocation		low risk	Article 8
Aktia Europe		low risk	Article 8
Aktia Europe Small Cap		low risk	Article 8
Aktia Global		low risk	Article 8
Aktia Passive Emerging Market		low risk	Article 8
Aktia Passive Europe		low risk	Article 8
Aktia Short-Term Corporate Bond		low risk	Article 8
Aktia Korkosalkku		low risk	Article 8
Aktia Emerging Market Bond+			Article 8
Aktia European Dividend		low risk	Article 8
Aktia Nordic		low risk	Article 8
Aktia Nordic Small Cap		low risk	Article 8
Aktia Rhein Value		low risk	Article 8

The table describes 30 Aktia funds for which sustainability ratings is available. The sustainability rating is formed when Morningstar data coverage is at least 67%. The Morningstar® Low Carbon Designation™ is assigned when Morningstar data covers at least 67% of the fund’s investments and when the carbon risks and the fossil fuel exposure are low. Source: Morningstar, 31 December 2024.



# The net impact of Aktia’s funds

Aktia has cooperated with the domestic start-up company Upright Project since 2019. We have deepened our cooperation, for example, by extending the modelling of the net impact of our funds and in the area of depicting the impact of our new products.

Upright Project is modelling the net impact of companies based on the quantification model. The model uses machine learning techniques and a broad database of scientific articles to measure the overall impact of companies on society, the creation and sharing of information, people’s health and the environment.

With the help of Upright’s net impact model, the impact profiles of our equity and corporate bond funds are depicted on a quarterly basis. The fundspecific impact profiles can be found on our website aktia.fi.

The net impact profile of Aktia’s funds is positive and our net impact is significantly better than that of the benchmark indices (OMX Helsinki index 5%, Nasdaq Helsinki index –24%). A positive net impact ratio means that our funds achieve on average more positive external effects than negative ones. The positive net impacts of the funds are related to society and people’s health. In the model the minimum is minus infinity and maximum is +100%.

“The net impact profile of Aktia’s funds is positive and our net impact is significantly better than that of the benchmark indices.

### TOP 3 NET IMPACT

Aktia Sustainable Government Bond  
**+51 %**

UI - Aktia Sustainable Corporate Bond  
**+50 %**

Aktia Impact  
**+45 %**

### THE NET IMPACT PROFILE OF AKTIA’S FUNDS

IMPACT	NEGATIVE	SCORE	POSITIVE
 <b>Society</b>	-0.1	<b>+3.5</b>	+3.6
Jobs		+0.8	+0.8
Taxes		+1.2	+1.2
Societal infrastructure		+1.5	+1.5
Societal stability	-0.1	+0.0	+0.1
Equality & human rights	-0.0	-0.0	+0.0
 <b>Knowledge</b>	-1.0	<b>-0.5</b>	+0.5
Knowledge infrastructure		+0.1	+0.1
Creating knowledge		+0.1	+0.1
Distributing knowledge	-0.0	+0.2	+0.2
Scarce human capital	-1.0	-1.0	
 <b>Health</b>	-0.6	<b>+0.5</b>	+1.1
Physical diseases	-0.4	+0.1	+0.5
Mental diseases	-0.1	-0.1	+0.1
Nutrition		+0.1	+0.1
Relationships	-0.0	+0.1	+0.1
Meaning & joy	-0.0	+0.2	+0.3
 <b>Environment</b>	-2.5	<b>-1.9</b>	+0.6
GHG emissions	-1.2	-0.8	+0.4
Non-GHG emissions	-0.4	-0.3	+0.2
Scarce natural resources	-0.2	-0.2	+0.0
Biodiversity	-0.4	-0.4	+0.0
Waste	-0.3	-0.3	+0.1

Upright model release 1.7.0  
on 28th Mar. 2025 at 07:19 GMT

**+28%** Net impact ratio  
Value set: Equal weights

Net impact modelling covers 21 Aktia funds: America, Rhein Value, Capital, Corporate Bond+, Emerging Market Corporate Bond+, European Dividend, Europe, Europe Small Cap, European High Yield Bond+, Global, Impact, Micro Markka, Micro Rhein, Nordic, Nordic High Yield, Nordic Micro Cap, Nordic Small Cap, Short-Term Corporate Bond+, Secura, Solida, UI-Aktia Sustainable Corporate Bond. The information is based on the situation when the data was requested. The figures presented are not binding minimum amounts. The reported figures may vary downwards or upwards. Source: Upright Project, version 1.7.0, 31 December 2024.



# The carbon footprint of Aktia’s funds

In line with Aktia’s climate strategy, we aim for carbon neutrality in our investment portfolios by 2050. We monitor our investments and review our funds by carrying out climate risk assessments and climate scenario analyses, among other things.

The carbon footprint of funds managed by Aktia is 54% lower than the benchmark index\*. Our investment strategy in equity funds favours less capital-intensive companies that typically also have a favourable emission profile. In corporate bond portfolio management, we favour energy producers that seek to reduce their CO<sub>2</sub> emissions.

The graphs show the carbon footprint of our equity and corporate bond funds and the indicative comparative figures for each market. The calculations are based on the figures reported by the companies (to the extent that they were available at the time of the calculation) and, for other companies, sector-based estimates. The fig-

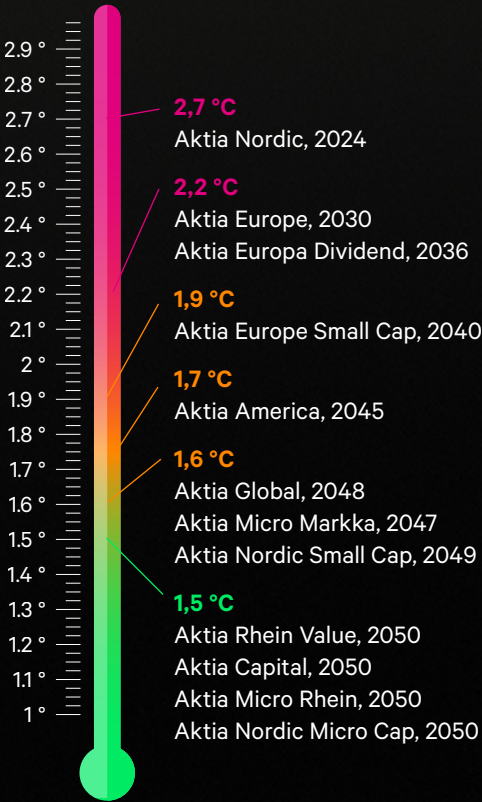
ures include the emissions at so-called scope 1 and scope 2 levels. Carbon footprint (carbon efficiency) describes the emissions relative to the value of investments, taking into account the entire capital structure of the companies. When looking at carbon footprints, it is important to note that as emissions between different companies and sectors vary considerably, small changes in the contents of portfolios may result in significant changes in the figures.

“ The carbon footprint of funds managed by Aktia is 54% lower than the benchmark index.

## AKTIA’S FUNDS ACCORDANCE WITH THE PARIS AGREEMENT

In accordance with the Paris Agreement, the objective is to limit global warming to 1.5 degrees C by 2050. The estimated year indicates when the fund exceeds its allocated carbon budget. The estimated rate indicates whether the fund complies with the Paris climate objective.

### Equity funds

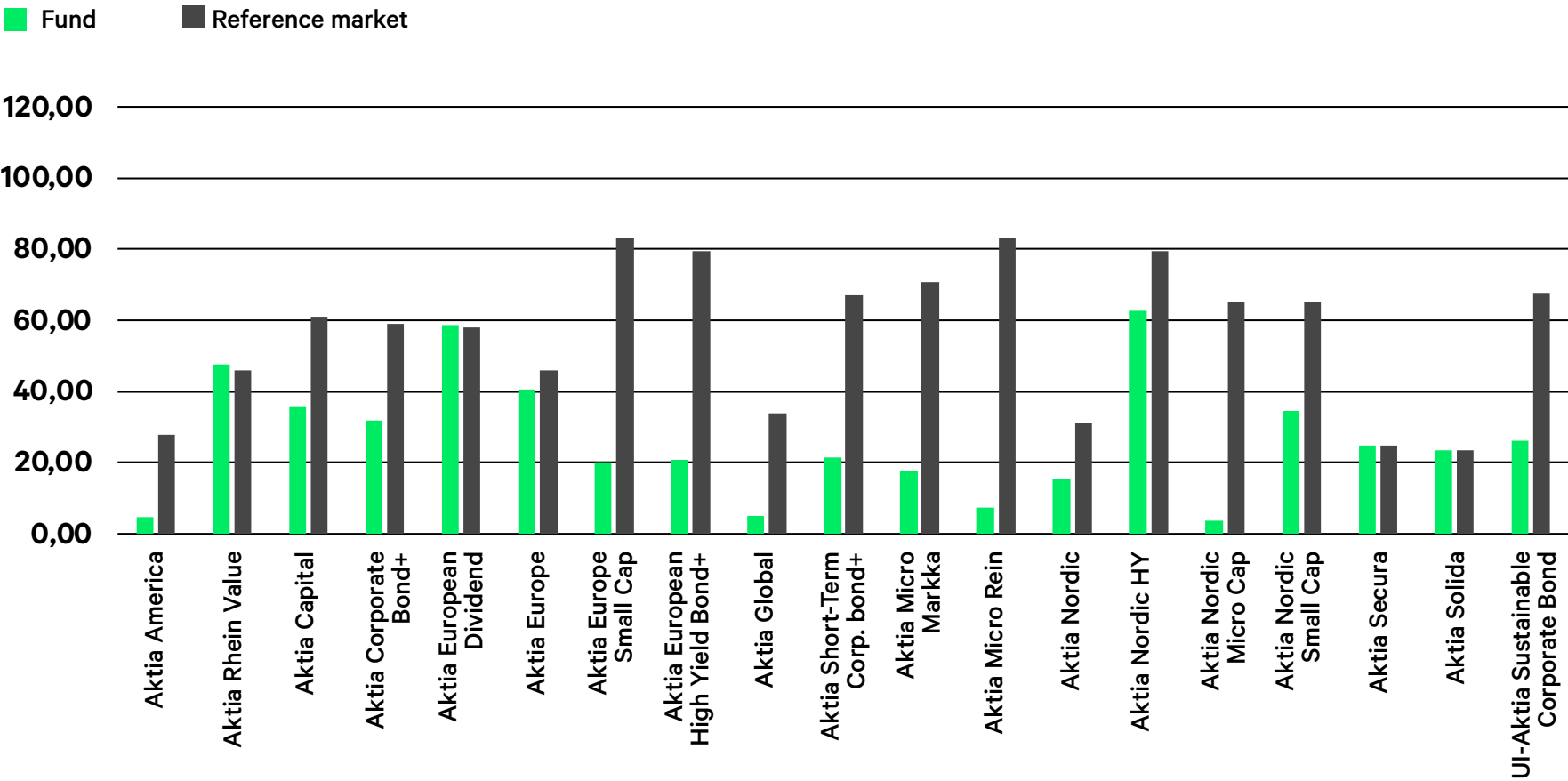


### Credit funds and balanced funds

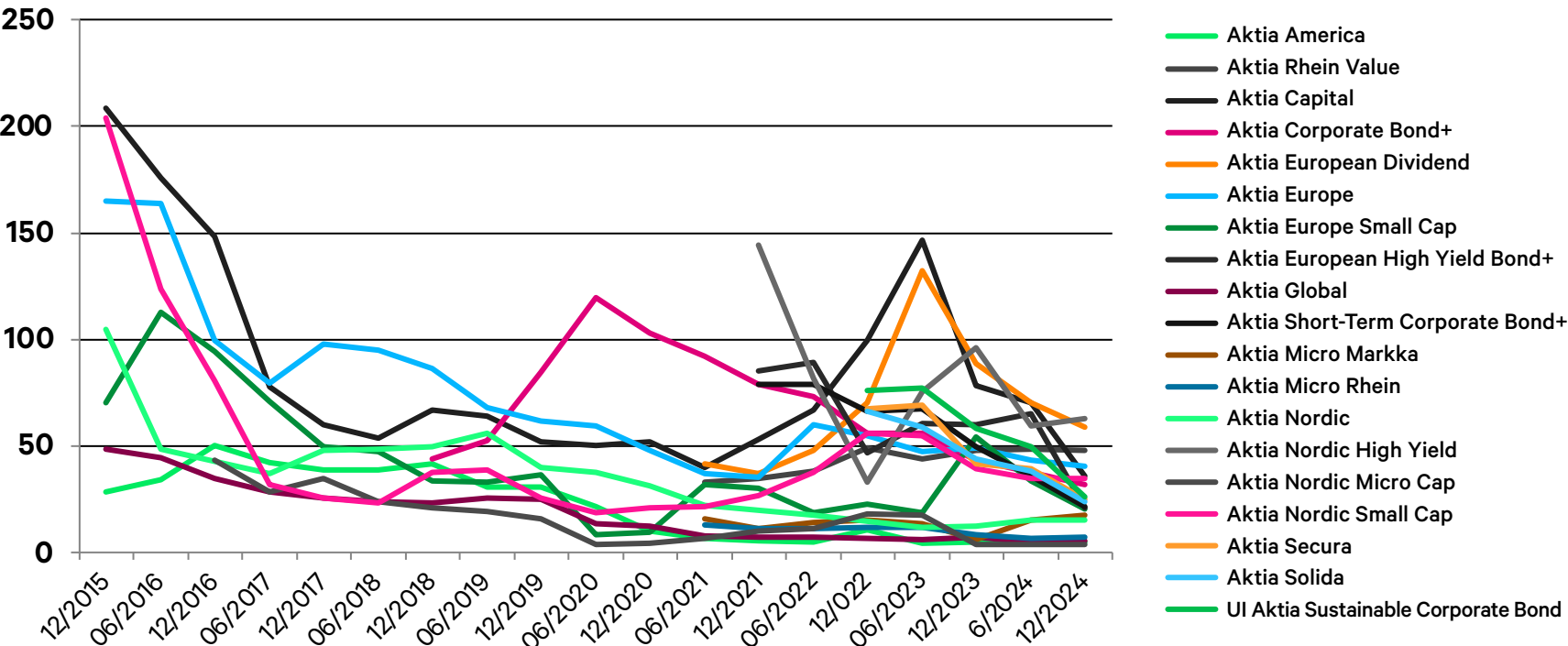




**CARBON FOOTPRINT OF FUNDS AND REFERENCE MARKETS\***



**DEVELOPMENT OF THE CARBON FOOTPRINT OF THE FUNDS\***



**CLIMATE INDICATORS OF AKTIA FUNDS**

Fund	The fund's carbon footprint*	Carbon footprint vs. reference market	The fund's carbon intensity**	Carbon intensity vs. reference market
Aktia America	4,82	-83%	22	-77%
Aktia Rhein Value	47,67	3%	50	5%
Aktia Capital	36,00	-41%	51	-30%
Aktia Corporate Bond+	31,86	-46%	47	-52%
Aktia European Dividend	58,59	1%	84	-6%
Aktia Europe	40,70	-12%	91	94%
Aktia Europe Small Cap	20,19	-76%	53	-41%
Aktia European High Yield Bond+	20,73	-74%	43	-55%
Aktia Global	5,19	-85%	21	-79%
Aktia Short-Term Corp. Bond+	21,58	-68%	37	-62%
Aktia Micro Markka	17,68	-75%	17	-63%
Aktia Micro Rhein	7,39	-91%	9	-91%
Aktia Nordic	15,47	-51%	28	-31%
Aktia Nordic High Yield	62,85	-21%	65	-32%
Aktia Nordic Micro Cap	3,64	-94%	13	-80%
Aktia Nordic Small Cap	34,52	-47%	58	-13%
Aktia Secura	24,86	0%	46	0%
Aktia Solida	23,56	0%	42	0%
UI-Aktia Sustainable Corporate Bond	26,19	-61%	62	-49%

\* relative carbon footprint tCO2e / MEUR invested

\*\* weighted average carbon intensity tCO2e / revenue

Source: Institutional Shareholder Services, ISS ESG, 31 December 2024.



# Norm-based screening

Aktia is in responsible ownership-related cooperation with ISS ESG, a pioneer in normbased shareholder influence. In this way, we support companies to better meet the international expectations regarding environmental, social and good governance norms that are directed at them.

The cooperation is based on so-called norm-based screening; 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 Global Compact principles. The principles of the UN Global Compact initiative are based on and in line with universal principles: The UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption. The ten principles of the Global Compact include fundamental values relating to human rights, labour principles, the environment, and the fight against corruption. The ISS

ESG screening includes three categories: no violations, possible problem, verified problem.

Most of the companies in which we have invested operate in accordance with these principles. ISS ESG carries out engagement dialogues with companies that have not been successful in complying with the UN Global Compact norms on behalf of Aktia. During the dialogues, the aim is typically to get the companies to report their problems and either fix them or take measures to ensure that corresponding problems do not appear going forward.

The portfolio managers in Aktia’s equity and corporate bond teams make decisions on how to deal with the investment in the event of violations of norms. In this case, it will be assessed whether the measures taken by the companies are sufficient and whether the company can be invested in. Violations of norms are also regularly discussed by Aktia Asset Management’s ESG Committee.

## THE COMPLIANCE OF AKTIA’S EQUITY AND CORPORATE BOND FUNDS WITH THE GLOBAL COMPACT NORMS

100 %

compliance with norms

- Aktia Micro Markka
- Aktia Micro Rhein
- Aktia Nordic High Yield
- Aktia Nordic Micro Cap
- Aktia Nordic Small Cap

90–99 %

compliance with norms

- Aktia Europe Small Cap 98 %
- Aktia European High Yield Bond+ 98 %
- Aktia Nordic 97 %
- Aktia Rhein Value 97 %
- Aktia Capital 96 %
- Aktia Corporate Bond+ 95 %
- Aktia Short-Term Corporate Bond+ 94 %
- UI-Aktia Sustainable Corporate Bond 94 %
- Aktia Solida 93 %

80–89 %

compliance with norms

- Aktia Europe 89 %
- Aktia Secura 88 %
- Aktia European Dividend 85 %

<80 %

compliance with norms

- Aktia Global 73 %
- Aktia America 69 %



# Active ownership and engagement

Aktia has diverse methods of active ownership and engagement. These include engagement dialogues with companies (pooled engagement), participation in engagement campaigns and investor initiatives together with other investors, business meetings, participation in annual general meetings and the exercise of voting rights at general meetings (proxy voting), and participation in companies’ nomination committees. Aktia uses engagement with companies, stewardship and active ownership to promote good governance in companies that constitute investment objects, and to promote the possibilities for a good long-term return development in investment objects or investment portfolios.

Aktia has drawn up a Stewardship Policy. Aktia Fund Management Company complies with this policy in the funds it manages, and Aktia Bank and Aktia Asset Management comply with this policy when managing clients’ investment assets based on wealth management agreements. The

policy complies with applicable regulation and the recommendations on corporate governance in the business.

At the Home Depot shareholders’ meeting in 2024, we supported the proposal that the company should report on its biodiversity related impacts. At the Amazon shareholders’ meeting, we supported the proposal to audit the working conditions of the warehouse workers. At the Shell annual general meeting, we supported the proposal asking the company to set its emission reduction targets in line with the objectives of the Paris Agreement.

In accordance with the Stewardship Policy, Aktia publishes a separate annual report on carrying out the policy. We also publish a separate Pooled Engagement report containing more information on the engagement dialogues that have taken place through ISS ESG. The reports are available on Aktia’s website.

## ENGAGEMENT

**124**  
engagement dialogues

During 2024, we participated in an engagement dialogue with 124 different companies across 189 topics through ISS ESG. Of these topics, 75 focused on human rights, 59 the environment, 49 on labour rights and 6 focused on corruption

## PROXY VOTING

**353**  
meetings

Aktia’s funds use a proxy voting service provided by ISS. The service enables us to participate globally in general meetings in an efficient manner. During 2024, we attended a total of 353 general meetings, of which 347 were attended via the voting service and 6 outside the voting service. In these general meetings, the funds voted on a total of 5,895 voting items, of which 655 against the management’s recommendation (11% of the voting items).

**5,895**  
voting items

**655**  
votes against the management’s recommendation

The voting will always consider the long-term interests of the unit holders in accordance with Aktia’s Stewardship Policy. In support of voting, ISS will provide us with company-specific responsibility reports and recommendations on voting in accordance with its own sustainability voting policy.

# Sustainable finance regulation

Sustainable finance means taking environmental and social aspects into account when making investment-related decisions. Over the past few years, the EU has worked to define sustainable finance so that investors, companies, and the member states of the EU will be able to direct financing for measures that promote sustainable development. EU sustainable finance regulations consist of several different sets, guidelines, and regulations.

## SUSTAINABLE FINANCE

Taking environmental and social aspects into account when making investment-related decisions.

Classification system for sustainable economic activities, i.e. EU taxonomy defines what kind of economic activity is sustainable.

The regulation increases the transparency of business activities for investors and clarifies which economic activities promote environmental objectives and promote a more sustainable future. \*The EU environmental objectives defined in the taxonomy are climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems.

### ECONOMIC ACTIVITIES MAY BE CLASSIFIED AS SUSTAINABLE IF THEY

- 1 Significantly promote at least one out of six EU environmental objectives\*
- 2 Cause no significant harm to the other five EU environmental objectives
- 3 Comply with the ethical principles of labour law and human rights principles of the UN, the OECD and ILO.

## SFDR DISCLOSURE REGULATION

The aim of the Regulation is to promote the measurability and transparency of the sustainability impacts of financial products, to reduce green washing and to improve the comparability of products classified as sustainable.

The financial products referred to in **Article 8** promote, among other characteristics, environmental or social characteristics or combinations of these characteristics, and the companies invested in follow good governance practices. Most of the financial products offered by Aktia are Article 8 products. Products complying with Article 8 are also referred to as light green products.

Products complying with **Article 9** make sustainable investments. Sustainable investments may not cause any significant harm to any environmentally or socially sustainable investment objective (the DNSH principle) and must take into account minimum social safeguards. Furthermore, investment objects are required

to comply with good governance practices. A few of Aktia’s financial products are Article 9 products. Products complying with Article 9 are also referred to as dark green products.

If a financial product does not promote environmental or social objectives, does not make sustainable investments and thus falls within the scope of a sustainable investment product (Article 8 and Article 9), it is classified as an investment product in accordance with Article 6. Investment products in accordance with Article 6 do not take into account the EU criteria for environmentally sustainable economic activities (EU taxonomy). However, these financial products may take into account sustainability risks. 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.

## PAI INDICATORS

Principal adverse impacts on sustainability factors.

Investments can have both positive and negative impacts on sustainability factors. By taking into account the main negative impacts of investment activities on sustainability factors, the aim is to understand the investment objects’ negative impacts on the environment or society as well as possible. Principal adverse

impacts on sustainability factors are referred to as PAI indicators. The sustainability indicators relate, for example, to greenhouse gas emissions, biodiversity, water, waste, and social issues. They concern companies, states, and multinational companies as well as real property.



Responsible investment at Aktia

# Portfolio management



SUMMARY

# Responsible investment at Aktia

We are a pioneer in responsible investment and help our customers to increase their wealth. We believe that 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.

Our methods of responsible investment are: exclusion, ESG integration, norm-based screening, active ownership and engagement, impact investing. We also strive to form a picture of the investment objects’ impact on society that is as good as possible. Responsibility is an integral part of our investment activities and the principles of responsible investment are complied with in all the funds we manage.

The principles for responsible investment are also followed in our discretionary asset management and our other investment services. The way of applying responsibility in practice varies some-what

between different asset classes, but the premise is the same irrespective of the asset class.

We consider the economically essential impact that factors relating to ESG, i.e. environment, society and good governance, have on the investment objects in an integrated way as a part of the investment process. The investment analysis is based on both quantitative and qualitative factors supported by several sources of data, including Morningstar’s and ISS ESG data, the ISS climate data, climate risks and scenario analyses, and Up-right’s net impact model.

Central 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 in Aktia’s investment activities.

METHODS AND APPLICATION OF RESPONSIBLE INVESTMENT AT AKTIA

	Direct in-vestments in equities	Investments in corporate bonds	Investments in government bonds	Third-party fund selection	Alternative in-vestments	Investment Desk
Exclusion	X	X	X	(X)	X	X
Considering responsibility factors	X	X	X	(X)	X	X
Norm-based screening	X	X		(X)		X
Active ownership and engagement	X	X	X	X		
Impact investing	X	X	X	X	X	X

(X) The definition is made by an external asset manager

EXCLUSION FROM EQUITY AND CORPORATE BOND INVESTMENTS

Exclusion	Direct equity investments	Direct corporate bond investments <sup>1</sup>	Specification of exclusion <sup>2</sup>
Controversial weapons	0%	0%	Production and sales including:weapons prohibited by international treaties, including non-NPT nuclear weapons, anti-personnel mines, cluster weapons, biological weapons, chemical weapons
Weapons	5%	5%	Production, including nuclear weapons within the NPT
Tobacco	5%	5%	Production
Gambling	5%	5%	Production
Cannabis	5%	5%	Production including: recreational cannabis use
Adult entertainment	5%	5%	Production
Fossil fuels	25%*	5%*	Equity investments: Production and extraction for energy production and energy production based on incineration, including: coal, lignite, peat Corporate bond investments: Production, extraction, and energy production based on incineration, including: coal, lignite, natural gas, and fuel oils refined from crude oil, peat
Unconventional fossil fuels	5%*	5%*	Production and extraction, including: arctic oil drilling, shale oil/gas, oil sands
Alcohol	-	5%	Production
Companies using controversial, aggressive or unethical methods in lending	0%	0%	

\*One can deviate from this exclusion with the consideration of Aktia’s ESG committee if it assesses that handling of the transition risk of the investment object is on a sufficient level, considering the risk and return profile at the portfolio level.

<sup>1</sup>In these principles, corporate bonds refer to all bonds and financial instruments issued by corporates and banks.

<sup>2</sup>The turnover limit covers the direct business or sector. Production covers the production and manufacture of goods and/or services. When necessary, the Group Sustainability Director is responsible for the interpretation together with the Aktia’s ESG Committee.





# Impact investing

Impact investing is a part of a responsible investment entity and a new, strongly growing way of investing. In addition to financial return, impact investing pursues measurable environmental or social benefits – when it comes to impact investing it is not enough that the investments avoid causing harm through their business activities, but they also need to achieve positive impact.

In accordance with Aktia's responsibility principles, the possibilities for impact investment are applied to different asset classes. Impact investment is particularly emphasised in UI-Ak-

tia Sustainable Corporate Bond, Aktia Sustainable Government Bond, Aktia Impact, Aktia SolarWind III, Aktia Bioindustry I and EM fixed income funds.

A great deal of change and impact are needed quickly in the world. International studies, such as the IPCC Report on climate change and the Dasgupta Review on biodiversity and economic dependency, show that we need innovations, investments, and actions to secure a sustainable future. As sustainability becomes a basic prerequisite, companies and investments are expected to provide impact and meaning.

More information about sustainability risks, identifying and integrating sustainability factors into investment decisions, and principles for responsible investments can be found from prospectus and our web page: [www.aktia.fi/vastuullinen-sijoittaminen](http://www.aktia.fi/vastuullinen-sijoittaminen). When making an investment decision, the customer should in addition to sustainability factors, take into account all the fund's characteristics or goals, which are described in the fund's prospectus, PRIIPS KID, rules and other official documents.

## **IMPACT INVESTING:**

**In addition to financial return, the aim is to achieve measurable environmental or social benefits.**



IMPACT INVESTING, FUND EXAMPLE

# Aktia Impact fund

Aktia’s Impact fund is a pioneering product on the market in impact investing. The non-UCITS fund Aktia Impact is Finland’s first open impact fund. The fund has two goals: risk-adjusted market return and impact, i.e., measurable social and environmental impact.

The fund only invests in objects that benefit the society or the environment. The impact and benefits pursued by the fund can be diverse: lower carbon dioxide emissions, employed people, better learning results for children or healthier people.

The fund has invested in wind power plants, solar power plants, micro-loans, sustainable transport infrastructure, green construction projects, innovations promoting circular economy, and many other activities that produce impact and benefit and build a sustainable future.

Aktia Impact fund’s own impact report is published annually. The Impact fund diversifies investments in green and social impact bonds, listed and nonlisted shares, equity funds and microloan funds. The special investment fund Aktia Impact offers the opportunity to participate in all of these impact investments with one investment.

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Aktia Impact fund’s impact report is published annually.

EXAMPLES OF THE IMPACT FUND’S INVESTMENT OBJECTS

Investment objective		Description	Initial investment object
BlueOrchard Microfinance Fund	Alternative fixed income fund	Financing micro-entrepreneurs in emerging countries through microcredit banks and other financial institutions	Yes
Taaleri Tuuli IV, Aurinkotuuli, Aurinkotuuli II	Alternative investment fund	Construction and operation of industrial-scale wind and solar power	Partly
Fintoil Hamina	Green bond	Refining of crude tall oil	Yes
Kempower	Share	Charging systems for electric vehicles	Yes
Aker Carbon Capture ASA	Share	Capturing carbon	Yes
Woodly Oy	Non-listed share	Materials technology, development of wood-based and recyclable materials for use by the plastic industry	Yes
Sparkmind Fund Ky	Non-listed share	Finnish growth companies in the education sector	Yes



## IMPACT INVESTING, FUND EXAMPLE

# UI-Aktia Sustainable Corporate Bond fund

UI-Aktia Sustainable Corporate Bond fund follows the disclosure requirements in accordance with Article 9 of the EU Sustainable Finance Disclosure Regulation (SFDR). Financial products following the Article 9 disclosure requirements only make sustainable investments.

The objective of the fund is to achieve positive impact by investing in corporate bonds issued by European companies in accordance with the ICMA (International Capital Market Association) principles, with the purpose of financing environmental projects (green bonds), projects related to society (social bonds), projects related to sustainability, that is environmental or social projects (sustainability bonds), or projects linked to sustainability (sustainability linked bonds).

The fund only invests in bonds with a positive net impact ratio in Upright Project's model measuring the overall impact of the bond on society, the gen-

eration and sharing of information, human health, and the environment.

Bonds that constitute investment objects are used to fund environmental or social projects in accordance with the issuer's framework. Assets are used for e.g. environmental projects such as sustainable construction, energy efficiency, and renewable energy, or social projects such as basic infrastructure at low cost, access to basic services or affordable housing. The positive social impacts of the fund include promoting gender equality, supporting education and learning, clean and sustainable energy, sustainable infrastructure, and reducing inequality. The positive environmental impacts include mitigating and combating climate change, protecting biodiversity, and the sustainable use of ecosystems and terrestrial ecosystems. The fund complies with Aktia's responsible investment policy and Aktia's climate strategy.

The domestic service provider Upright Project's method to identify the net impact of the bond is used to identify sustainable investment targets. The fund makes sustainable investments only in bonds with a positive net impact in the modelling. At the end of year 2024, the net impact of the fund was +50%.

More information about sustainability risks, identifying and integrating sustainability factors into investment decisions, and principles for responsible investments can be found from prospectus and our web page: [www.aktia.fi/vastuullinen-sijoittaminen](http://www.aktia.fi/vastuullinen-sijoittaminen). When making an investment decision, the customer should in addition to sustainability factors, take into account all the fund's characteristics or goals, which are described in the fund's prospectus, PRIIPS KID, rules and other official documents.



**The fund follows the disclosure requirements in accordance with Article 9 of the EU Sustainable Finance Disclosure Regulation (SFDR). Financial products following the Article 9 disclosure requirements only make sustainable investments.**



## IMPACT INVESTING, FUND EXAMPLE

# Aktia Sustainable Government Bond fund

Aktia launched the Aktia Sustainable Government Bond fixed-income fund in the summer of 2023. The fund invests in European government bonds or covered bonds. The fund follows the disclosure requirements in accordance with Article 9 of the EU Sustainable Finance Disclosure Regulation (SFDR). Financial products following the Article 9 disclosure requirements only make sustainable investments.

The fund's objective is to achieve positive impact by investing in bonds issued by sovereigns and other SSA issuers (sub sovereign, supranationals, agency) in accordance with the ICMA (International Capital Market Association) principles, with the purpose of financing environmental projects (green bonds), projects related to society (social bonds), projects related to sustainability, that

is environmental or social projects (sustainability bonds), or projects linked to The objective of the fund (sustainability linked bonds). Bonds that constitute investment objects are used to fund environmental or social projects in accordance with the issuer's framework. Assets are used for e.g. environmental projects such as sustainable construction, energy efficiency, and renewable energy, or social projects such as basic infrastructure at low cost, access to basic services or affordable housing. The positive social impacts of the fund include promoting gender equality, supporting education and learning, reducing inequality and sustainable infrastructure. The positive environmental impacts include mitigating and combating climate change, the sustainable use of ecosystems, and protecting biodiversity.

The fund only invests in bonds with a positive net impact ratio in the Finnish Upright Project's model measuring the overall impact of the bond on society, the generation and sharing of information, human health, and the environment. At the end of year 2024, the net impact of the fund was +51%.

More detailed information on the identification and consideration of sustainability risks and sustainability factors in investment decisions and our guidelines for responsible investment can be found in the fund prospectus and on our website: [www.aktia.fi/vastuullinen-sijoittaminen](http://www.aktia.fi/vastuullinen-sijoittaminen). In addition to sustainability factors, all features or objectives of the fund as described in the fund prospectus, key information, rules and other official documents are taken into account in investment decisions.



**Bonds that constitute investment objects are used to fund environmental or social projects.**



## RESPONSIBLE INVESTING

# Equity portfolio management



**Anders Thylin**  
portfolio manager

## MARKET OVERVIEW

Overall, the year 2024 was positive in the global stock market, with the American market showing the strongest increase among the main markets. The very rapid development of artificial intelligence remained a key theme throughout the year and the companies that benefit most from it operate in the United States, which means that European companies, for example, generally did not benefit from this trend in the same way. Among the key ESG trends, the electrification of road transport slowed down in Europe. However, in China the pace remained rapid, and China has become by far the largest market for electric cars in the last few years. The Russian war in Ukraine continued, which has maintained a certain debate on the acceptability of arms companies from an ESG perspective.

At the end of 2024, the outcome of the presidential election in the United States was confirmed, which can be expected to have an impact on many issues, including ESG, as the new administration holds a negative view of renewable energy, and on how responsibility is considered in the investment market. However, long-term underlying factors, such as the need for emission reductions and clean energy, the impact of demographic changes on consumer demand and the need for health and safety remains.



Through direct equity investments, Aktia's funds invest in companies of various sizes globally. We actively monitor companies, markets and trends from the responsibility and impact viewpoints. As we see it, businesses 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 companies that do not operate in a responsible manner.

## “ We actively monitor companies, markets and trends from the responsibility and impact viewpoints.

Our key principles to be considered in the management of equity investments are the responsibility factors (ESG factors), exclusion, i.e. negative screening, and responsible ownership. A key factor in the selection of equity funds' securities is the consideration of responsibility factors, which is integrated seamlessly into the investment process at Aktia. In this respect, our key approach is to consider both the positive and the negative economic material impact.

In this respect, positive factors include, for example, how companies can respond to the opportuni-

ties that changes in the environment, society and trends create for companies. When companies through their strategy, products and services are successful in responding to the opportunities created by this type of factors, their business views, especially in the longer term, are supported. Negative factors relate, for example, to companies that are unable to manage the environmental, social or governance risks associated with their activities. In its entirety, the identification of ESG risks and opportunities provides a better basis for making investment decisions.

Aktia's own direct company meetings and dialogue with the management and other representatives of companies are a key information channel that supports the consideration of ESG factors as part of the investment process. Through the company meetings, the companies' management's own views on the importance and impact that the ESG factors have on their own business and strategy are best conveyed, and, above all, its link with the creation of value in companies. We have a considerable range of ESG information channels at our disposal. Companies' own reporting on ESG information is constantly expanding and improving, which is a positive thing, and this is supported by increasingly stricter legislative requirements. We have an extensive cooperation network that provides us with information and analysis that will contribute to the consideration of ESG factors. Leading banks and analysis companies that

we cooperate with are continuously developing and deepening the integration of ESG factors as part of their own corporate analysis. To examine the overall societal impact of companies, we are using Upright Project's net impact model, which illustrates the environmental and social impact of companies from an environmental and stakeholder viewpoint. For several years now, Aktia has been using ISS ESG normbased screening to monitor companies' compliance with the Global Compact norms.

We use Morningstar's/Sustainalytics' extensive ESG data in our portfolio management and reporting. We follow the carbon footprint of the funds with an ISS ESG tool that enables us to better monitor both the carbon footprint and the climate risks, as well as gives us tools to create portfoliospecific climate scenario analyses.

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### INVESTMENT EXAMPLE

#### Relx

Relx is a global company providing information-based analytics for business use. The company has four business segments and sales in more than 180 countries. Business areas include risk analysis; information supporting science, technology and health care; and legal information. The company's offering includes databases and publications that enable and support scientific research and thus the accumulation of scientific knowledge. The company also has products that support the identification of parties to electronic transactions, thereby preventing crime. The company's products and services are often critical to its customers, which contributes to a strong market position and a stable business profile. At the same time, the quality and reliability of Relx's services are key enablers of competitive advantage, which supports a positive view of the company.



## RESPONSIBLE INVESTING

# Fixed income portfolio management



**Jonne Sandström**  
portfolio manager

## MARKET OVERVIEW

Sustainable corporate bonds were issued globally to a value of USD 378 billion in 2024, approximately 15% more than in the year before. Although the figure does not reach the record year 2021, when the figure was as high as USD 459 billion, the figures for the two previous years were clearly exceeded. In euros, activity was also higher than in the year before. Euro-denominated sustainable corporate bonds were issued to a value of USD 224 billion during the year (2023: USD 206 billion, record year 2021 USD 247 billion). The share of sustainable corporate bonds of all issued investment grade corporate bonds in the euro area fell slightly to 23% (approximately 25% for the full year 2023). The so-called green premium (greenium), i.e. the spread between sustainable and ordinary bonds, decreased again and even turned positive at the end of the year, which means that on average, the risk premiums for sustainable corporate bonds were slightly higher than for ordinary corporate bonds. However, the calculation is complicated by various distortions, such as sector-specific differences in credit risk perception, the general tightening of risk premiums and the preceding strong demand for corporate bonds. In addition, many sectors, such as energy producers, issue mostly sustainable corporate bonds, which means

that the issue premium falls mainly on sustainable corporate bonds, increasing their risk premium compared to the risk premium for traditional corporate bonds, which makes the greenium appear smaller. Thus, the attractiveness of sustainable corporate bonds relative to ordinary corporate bonds is greater than before, and it can be said that sustainability is an added bonus compared to ordinary corporate bonds. Despite this, green corporate bond returns were better than the broad market in 2024. The return of green corporate bond index that we use (Bloomberg MSCI Green Bond) was 5.0% during the year, while the return of the broad corporate bond index (Bloomberg Euro-Aggregate Corporate 500MM) was 4.7%.

The share of sustainable corporate bonds in our corporate bond funds was high. At the end of 2024, the weight in Aktia Corporate Bond was 42%, in Aktia Nordic High Yield 28%, in Short-Term Corporate Bond 22%, and in Aktia European High Yield Bond 21%. The share in the UI-Aktia Sustainable Corporate Bond and Aktia Sustainable Government Bond funds is approximately 100%, as the funds invest only in sustainable corporate bonds.



We use corporate bond funds to invest in interest yielding securities globally. We actively monitor companies, markets and trends. We want to be involved in the markets and implement responsible investment and impact investing products.

In corporate bond funds, responsibility is taken into account by applying several principles and methods: we exclude certain lines of business, consider responsibility factors when making investment decisions, bring up responsibility issues in discussions with companies and invest in green bonds. Climate change has become our special area of interest. In addition, considering social responsibility aspects is part of our investment activities. A general assessment of environmental, social and governance (ESG) factors is integrated into the examination of every company, both when considering new investment ideas and when considering the bonds of companies that have long been included in the fund. In particular, good governance parameters have traditionally been part of the credit risk analysis, but environmental and social factors are increasingly taken into account.

Responsibility issues may affect companies' credit risk profiles and the market pricing of bonds in various ways and on various time horizons – significant factors are taken into account in investment decisions. Such factors may re-

## **We have significantly increased the share of sustainable bonds in our funds.**

late to the company in question, e.g. to the management's actions or reputational risks, or to the company's line of business or operating area, e.g. changes in legislation. We assess the probability of the realisation of such risks relating to responsibility and the company's ability to respond to the situation. In addition, we examine any positive environmental and social impact of the company and investment instruments. The responsibility analysis is based on a qualitative assessment carried out by portfolio managers, supported by ESG data provided by our service providers.

Norm-based screening assesses companies' compliance with the UN Global Compact norms. We regularly monitor all the companies included in our funds from this perspective with the help of the ISS ESG analysis tool and database. We do not invest in issuers that, according to our assessment, are involved with serious violations of norms, and if engagement with the company proves fruitless.

In our investment decisions, we comply with the exclusion criteria included in Aktia's principles of responsible investment. In addition to these

criteria, we also apply other exclusion criteria: companies based on alcohol production and small-loan companies are excluded as their operations may have social consequences. In addition, our investment activities aim to support climate change mitigation and adaptation. We also comply with exclusion criteria relating to climate: we avoid investments in oil companies and other companies whose business is based on the procurement or use of fossil fuels (e.g. mining companies). However, some exceptions are applied to these criteria – we invest in companies that develop responsible alternatives, seek to benefit from the opportunities brought by renewable energy sources or have a sound plan for making their business carbonfree. The investment objects of our funds include Neste, which has significant operations in the field of renewable fuels. In practice, our investments in energy companies are, however, green bonds.

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### INVESTMENT EXAMPLE

#### **Sagax AB**

Sagax is a listed Swedish property company that invests in commercial property. The company's business activities focus on the rental of premises, primarily in the warehouse and light industry segment. In addition to Sweden, the company operates in Finland, France, the Netherlands, Belgium, Spain, Germany, and Denmark. The company established its first Green Finance Framework in 2019. The framework was updated in 2023. Sagax invests primarily in existing commercial properties, optimising their energy efficiency and extending their life cycle.

Corporate bond funds finance investments in so-called green buildings (e.g. high sustainability certification of buildings, improvement of the energy efficiency of buildings in connection with renovations), improvement of the energy efficiency of buildings (e.g. monitoring systems and energy efficiency optimisation, insulation, installation of heat pumps), renewable energy (e.g. installation of solar panels) and clean mobility (installation of charging stations). Corporate bonds achieve very high figures in our analyses. Sagax green corporate bonds can be found in three of our funds: Aktia Corporate Bond, UI-Aktia Sustainable Corporate Bond, and Aktia European High Yield Bond.



## RESPONSIBLE INVESTING

# Emerging Market Debt portfolio management

## MARKET OVERVIEW

In the latter half of the year, two themes dominated emerging markets: the reassessment of the Fed's interest rate policy and the election of Trump as president. Investors pondered the impact of US economic policy, and, for example, expectations of the Fed's interest rate cuts were postponed. Regarding Trump, tariff threats were particularly in focus in emerging markets, but possible policy changes regarding Ukraine and the Middle East were also a topic of discussion. A good example of this was the revaluation of Ukrainian US dollar-denominated sovereign debt, which, following Trump's election, yielded about 11.5% in the days immediately after the election, when the market believed peace could be achieved.

The latter half of 2024 was marked by elections. The focus was on the election in Venezuela, which was generally regarded as fraudulent. After the election, the opposition candidate Gonzalez had to flee the country. Elections were also held in countries such as Sri Lanka, Mozambique, Romania, Georgia and Moldova. The election result in Moldova was extremely close and culminated in the re-election of the pro-EU candidate Maia Sandu as president. In Mozambique, opposition protests continue as the government is suspected of having been involved in electoral fraud.

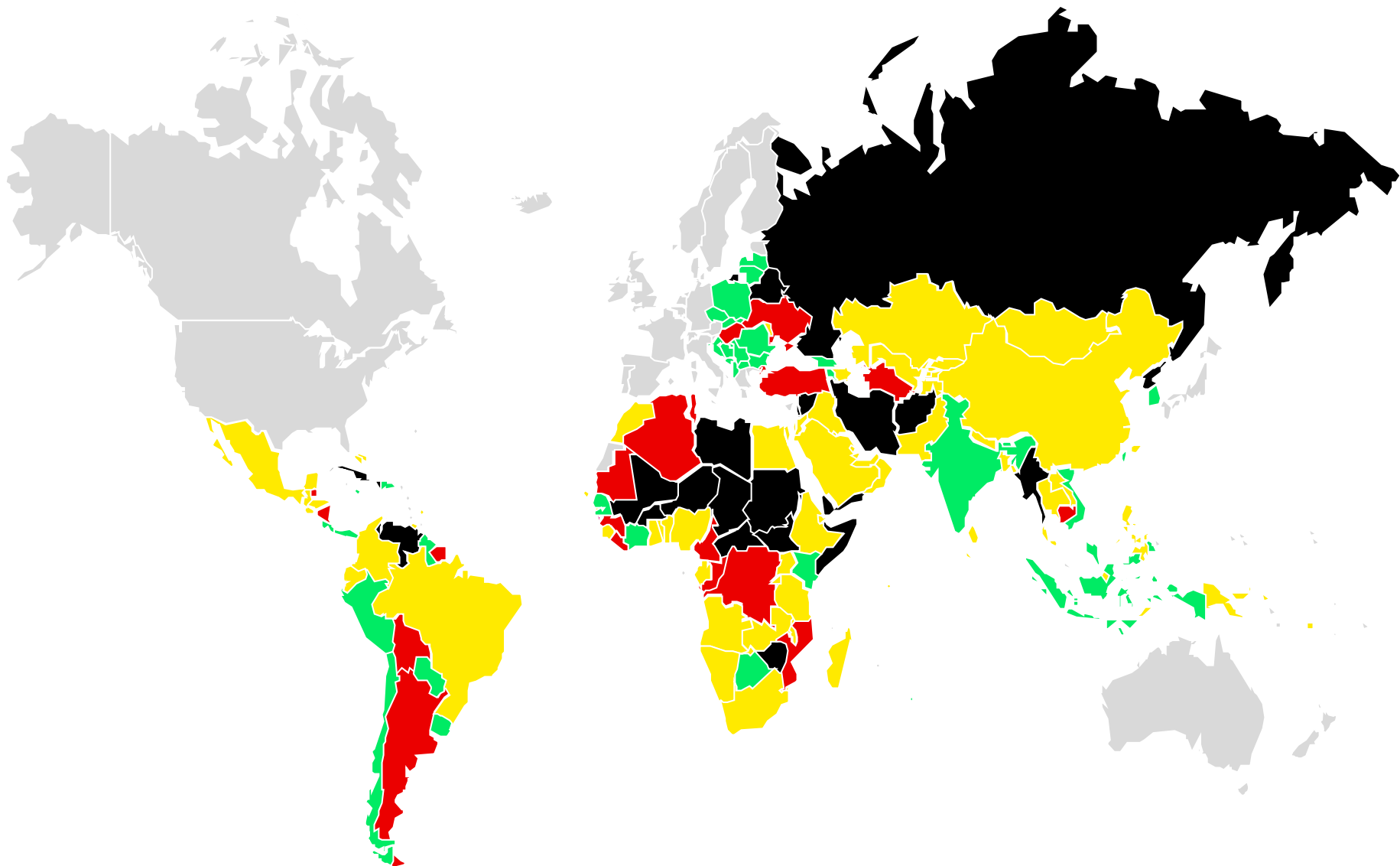


Oskar Murto  
analyst

In Georgia, the Georgian Dream party won the parliamentary election, but the election is suspected to have been a target of Russian hybrid influence. Similar allegations have also been made in Moldova and Romania. Large-scale demonstrations began in Georgia when Georgian Dream decided to suspend EU accession negotiations. In the Romanian presidential election, Calin Georgescu, a previously unknown, far-right pro-Russian candidate, surprisingly won the first round. Later, the Romanian Supreme Court annulled the result when it became apparent that Georgescu had lied about the funding of his campaign. A new round is expected to take place in May.

At the end of the year, the Middle East came with a number of positive news. Lebanon managed to agree on a ceasefire with Israel. At the same time, long-ruling dictator Bashar al-Assad was overthrown by rebels in Syria. Syria is currently led by Ahmed al-Sharaa's HTS group, which, is classified by Western countries as a terrorist organisation.





**AKTIA’S COUNTRY SELECTION MODEL\***

In the country selection model, countries are divided into four categories based on their development and level in terms of economic, political and social variables.

- Green Eligible for investment
- Yellow Investments are possible, more active monitoring
- Red We do not invest in government bonds, but investments in the currency (FX positions or AAA-rated bonds issued by Development Finance Institution) are possible
- Black Not eligible for investment

**” Aktia’s EM fixed income funds have made long-term efforts to develop ways to analyse responsibility factors.**

Aktia’s EM fixed income funds have made long-term efforts to develop ways to analyse responsibility factors. Aktia’s pioneering work has also been recognised in the markets. We have taken part in the advisory committee of the international ASCOR Project (Assessing Sovereign Climate-related Opportunities and Risks). The aim of the project is to create practical tools to support investors in their assessment of sovereign climate-related risks and opportunities. ESG is an in-

tegral part of Aktia’s emerging market country analysis, and responsibility factors are integrated into portfolio management. Aktia has three different data tools at its disposal in EM country analysis. The country selection is based on our own in-house fundamental model, supplemented by two tools: Aktia ESG Balance and Aktia SDG Analysis. The country selection of investments is based on a data-based fundamental model, which monitors countries using multiple different indica-

tors. The development and level of the countries of the investment universe are measured in terms of economic, political, and social variables with a focus on development. The ESG factors determine which countries in the emerging economies’ investment universe are eligible for investment. Investments are examined on a quarterly basis to see if there have been material changes in the overall picture in relation to the countries. This analysis is complemented by a short-term

qualitative analysis and other ESG-tools. The Aktia ESG Balance analysis tool can be used to assess the development of countries regarding ESG indicators, both in terms of level and trend. Countries are compared based on income level (GDP per capita) so that the so-called wealth bias does not affect the results. In addition, each component can be examined in more detail to outline a comprehensive picture of the strengths and weaknesses of the countries. The tool is based on the



ESG data set provided by the World Bank, which consists of indicators covering a wide range of sustainability themes.

**In the analysis, the E, S and G total scores are broken down as follows:**

- E (environmental) covers themes such as natural capital, food security, emissions and pollution, environmental and climate risks, and their management
- S (social) covers themes such as health & nutrition, employment, poverty & inequality, education
- G (governance) covers themes such as stability & the rule of law, innovations, economic environment, administrative efficiency

The third tool, Aktia SDG Analysis, is used to examine how states promote the UN’s Sustainable Development Goals. The data source is Bertelsmann Stiftung and the Sustainable Development Solutions Network. Data is used in both a level and trend analysis.

Building a strong network of contacts is a part of the emerging market ESG strategy as it furthers the engagement dialogues with institutions in different countries. Aktia’s EMD team meets civil servants and representatives of states. Through long-term work, we have established good relations with target countries and developed an operating model for the active ownership and engagement in emerging economies, which outlines an approach

in interaction with states in issues such as climate, green energy, openness and corruption. In the early stages, we will focus on climate change mitigation. The first engagement was carried out in May 2024 by Aktia’s EMD team together with the ESG team. Through active ownership and engagement, we are able to get more information on different sustainability themes in target countries and add information to our country analysis.

In addition to government bonds, Aktia’s EM fixed income funds may also invest in AAA-rated fixed income instruments issued by multinational development banks, such as the EBRD. The purpose of these instruments is to raise funding earmarked for private sector projects that develop society. Project funding is often targeted at countries where the local economy and infrastructure are not yet well developed. Financing for these investments may relate, for example, to micro-loans and financing promoting gender equality as well as to agriculture and the energy sector, which are strongly linked to climate change.

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## INVESTMENT EXAMPLE

### Argentina

Argentina has been struggling for a long time with very high inflation, weak public finances and dollar access. Argentinians longed for a change in the weak economy and voted liberal economist Javier Milei as president in the 2023 election. Milei is known for his flamboyant behaviour – including wielding a chainsaw when talking about cuts.

Milei won the election by promising a radical economic policy aimed at containing inflation, in particular through administrative cuts and liberalisation of the economy. He quickly took action, and positive results can already be seen: inflation, albeit still high, has fallen significantly, and the state budget shows a surplus. In addition, access to the dollar has been eased and export and import restrictions have been lifted slightly.

However, the reforms have come at a price. Milei has made more than 24,000 state employees redundant and has closed 11 ministries. During 2024, the number of people living in poverty has increased to over 50% as the economy is in recession.

In our view, changes in the economy have been necessary to secure the future of Argentina. The country has been constantly on the brink of bankruptcy – and was, in fact, insolvent in 2020 – and is fully dependent on IMF support. If growth is achieved in the economy and inflation is kept under control, the situation of people living in poverty can improve significantly. This would also create space for administrative and social reforms that would support the well-being of the people.

Positive developments and faith in the continuation of the economic policy led us to decide to raise Argentina from red to yellow in our country selection model. We will continue following closely whether the positive trend will continue next year and whether Milei’s robust policies are supported in the interim parliamentary elections. In the future, an important question will be what follows in post-Milei era, which will show whether the country’s development is sustainable in the long term.



## RESPONSIBLE INVESTING

# Fund selection

In addition to Aktia's own equity, fixed income, and emerging market funds, we provide customers with selected third-party funds. These funds enable an efficient diversification of the portfolio for clients, on a sectoral as well as geographical basis. Funds that act responsibly and consider economically relevant ESG factors and the opportunities offered by sustainable development are highlighted in fund selection and fund recommendations.

Third-party funds and the asset managers managing them are expected to include sustainability factors as part of their investment activities. We also expect that asset managers define their approach to responsible investments, and that they develop, communicate and report about it in an appropriate way. The level of responsible investment and the methods used vary to some extent depending on asset class and geographical area. Therefore, it is not required that the operating practices of other asset managers are identical to those applied by Aktia in its equity and corporate bond funds.

We encourage our asset managers to report climate indicators in accordance with the Task Force

for Climate-related Financial Disclosure (TCFD) and to publicly support these reporting recommendations. Key factors for the realisation of responsibility include, for example, the signing of the Principles for Responsible Investment (PRI) supported by the UN, consideration of international standards, consideration and inclusion of ESG factors in investment processes, and various methods of active ownership, such as the exercise of voting rights and corporate engagement. We also always investigate the funds' exposure to controversial sectors. We encourage asset managers to commit to mitigating climate change and to support the development of society in a less carbon-dependent direction and to take this into account in their investment decisions.

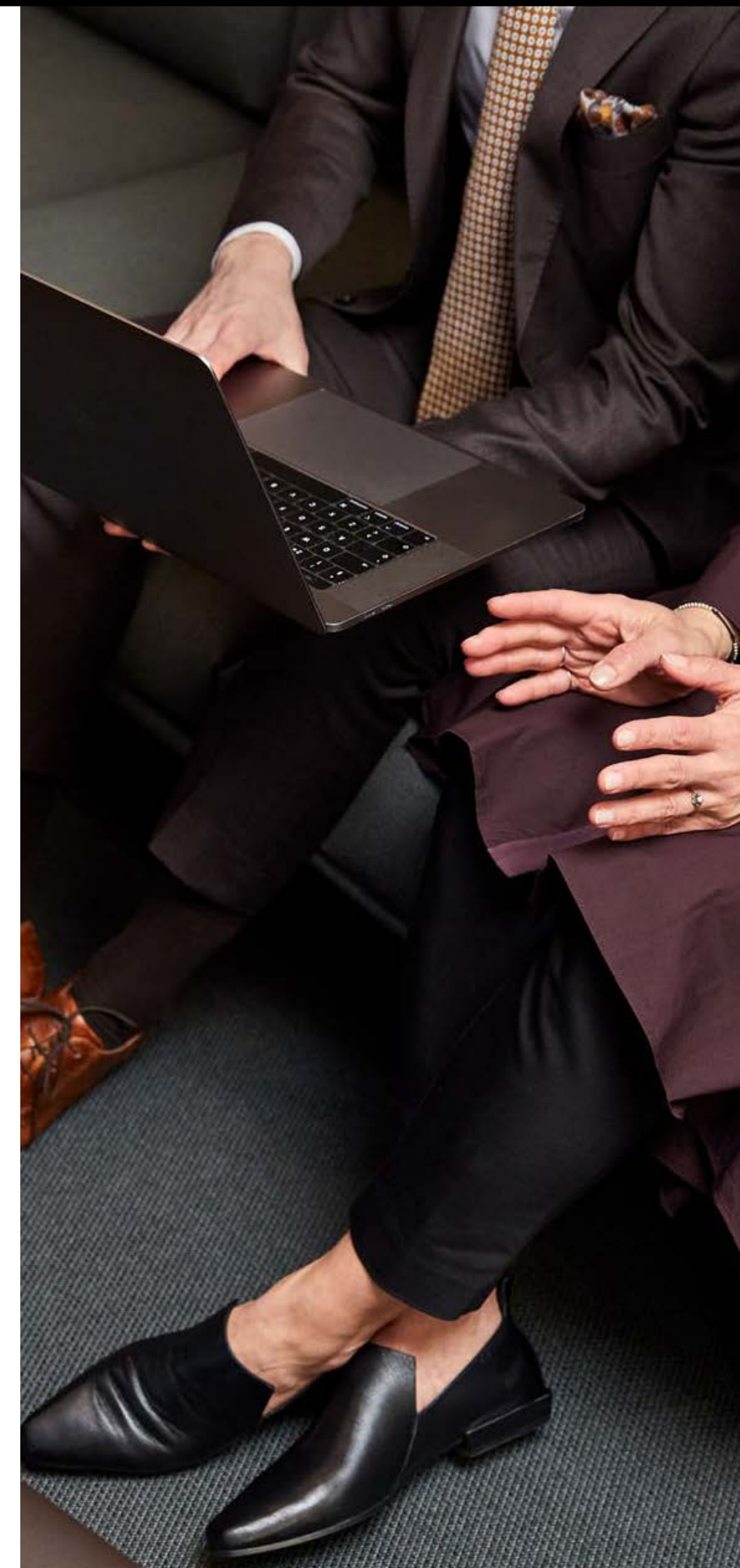
In our fund analysis, we form a comprehensive view of how responsibility is taken into account in the investment process and investment decisions by using, for example, a questionnaire we have developed for asset managers. In accordance with the process for responsible investments in fund selection, the overall picture is regularly assessed, and its observations are regularly discussed with



**Funds that act responsibly and consider economically relevant ESG factors and the opportunities offered by sustainable development are highlighted in fund selection and fund recommendations.**

the asset managers. We also evaluate how the asset managers' philosophy and process for responsible investment influences the return and risk profile of a fund.

We want to develop the activities of asset managers in responsible investment in order to meet our demands and those of other institutional investors as well as possible. With the ESG data and reporting provided by Morningstar/Sustainalytics, we can efficiently examine sustainability aspects of the funds, such as ESG risks.





## RESPONSIBLE INVESTING

# Investment Desk

Aktia's Investment Desk serves customers in trade, acts as an adviser in the selection of investment objects and provides investment options in different product and asset classes through structured products. Aktia's Investment Desk has drawn up responsibility principles based on the principles for responsible investment in Aktia. The principles are followed in concepts and products managed by Investment Desk, i.e., the Aktia Investment Ideas and Aktia Domestic Model Portfolio concepts and structured investments. In equity and corporate bond investments, Investment Desk applies exclusion, consideration of responsibility factors, norm-based screening, and takes into account the impact of investment on the development of society.

Exclusion is applied to investments where the underlying asset is a thematic index or a sector index. In this case, the exclusion applies at the level of the sector or theme rather than at the level of an individual company. In structured investments, the same principles apply to products, depending on the underlying asset of each investment. In accordance with Aktia's responsibility principles, Investment Desk follows certain sector-specific exclusions for direct equity investments in order to take into account nega-

tive externalities and to manage related economic and social risks.

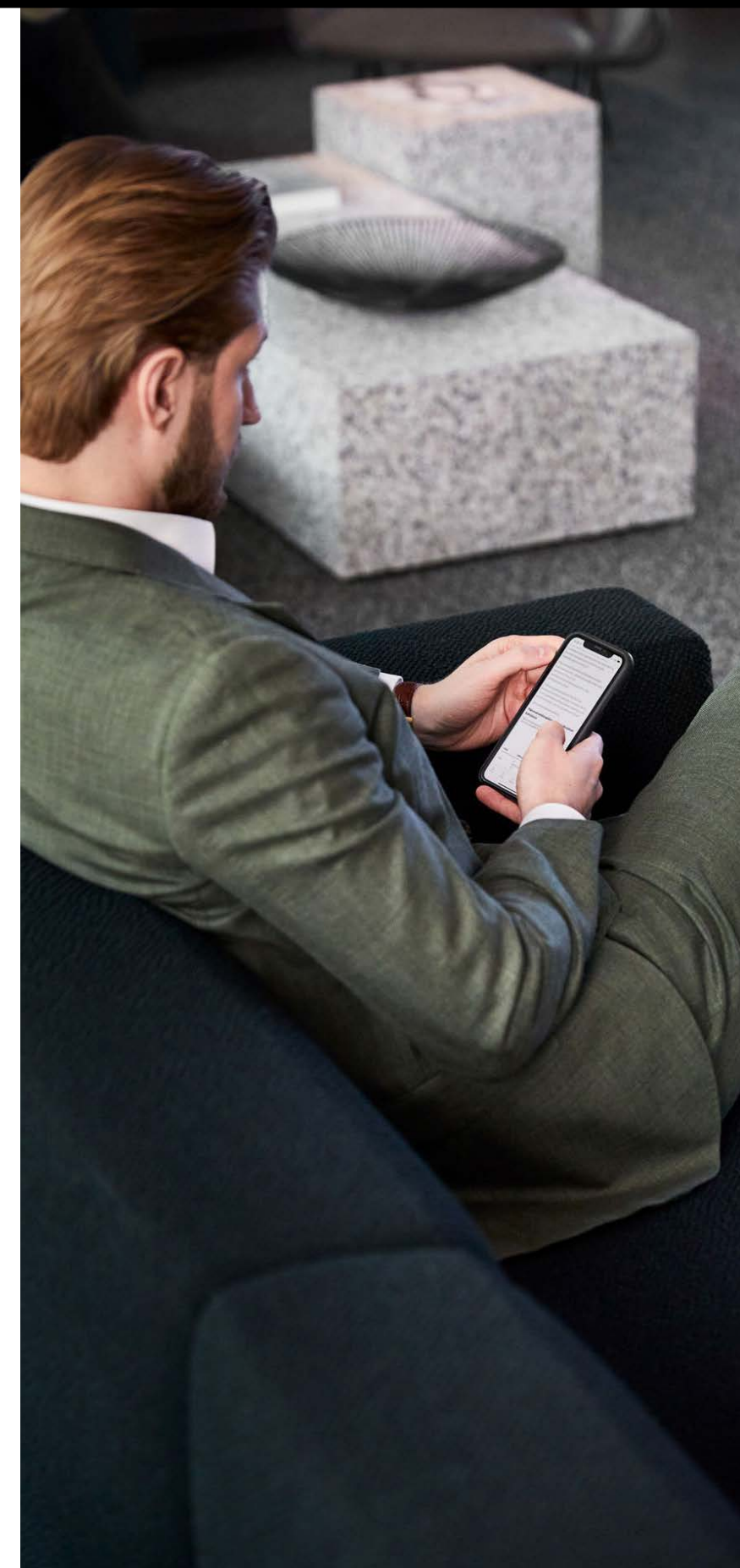
The economically essential impact that factors relating to the environment, society and good governance have on the investment objects are considered in an integrated manner as a part of the formation of the view for the investment process – both positive and negative factors and risks. In the case of ESG factors, no minimum requirements have been set for ESG values. Rather, these are considered as part of the analysis during the investment process. For this purpose, there is a wide range of services provided by external service providers, including Upright Project.

Norm-based screening is carried out with the help of ISS ESG for individual underlying assets in investment concepts and investment recommendations. In structured investments, screening is carried out at the product creation stage. Since structured investments include holding the investment as an investment object until maturity and the investor in the secondary market faces a significantly higher difference between the buy and sell rate than in traditional securities, the sales recommendations are only in exceptional

circumstances based on the subsequent results of norm-based screening. A concept-specific working group in cooperation with portfolio management and the Aktia ESG Committee ultimately decides on how to deal with existing investment recommendations in case of breaches of norms. In these cases, it is assessed whether the measures taken by the companies are sufficient to ensure that the company remains eligible for investment.

In investment recommendations, Investment Desk monitors and measures sustainability at least once a quarter on a concept-specific basis. Both Upright Project and the ISS ESG databases are used as indicators. A review of the concept's sustainability factors and their development based on Upright Project's data is published separately for all investment recommendation concepts four times a year.

Each new investment is reviewed before launching the recommendation via Upright Project and ISS ESG. In structured products, Investment Desk also produces impact-related investment products such as green bonds where the possible measurable impact is reported annually to customers.





# Think further Aktia



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Investments always involve financial risks. The investor bears the responsibility for the financial impact of his investment decisions. The investment may fail to yield a profit, or the invested capital may even be lost. The investor may be debited the costs for financial services irrespective of the investment results. It is always advisable to study the investment market and alternative investments in detail before making the decision to invest. Aktia cannot give assurance to the materialisation of the expected yield presented. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of investment varies, and/or current market conditions and are not an exact indicator. What you will get will vary depending on how the market performs and how long you keep the investment/product. This overview is part of Aktia’s marketing material, and therefore not necessary put together in accordance with the rules for independent investment analysis. The overview is not intended for investment research and it has not necessarily been drawn up in accordance with the provisions on the independence of investment research. Trade restrictions concerning investment analysis is not applied on the financial instruments presented. The investor may be obliged also to pay taxes and official charges other than those debited by Aktia. The investor should be aware that investments and investment property are subject to taxation, the impact of which was not necessarily taken into consideration in this presentation. The investor is responsible for the gathering of necessary information regarding taxation of his investments and his decisions concerning these. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future.

When making an investment decision, the investor should in addition to sustainability factors, take into account all the fund’s characteristics or goals, which are described in the fund’s prospectus, PRIIPS KID, rules and other official documents. The rules, fund prospectuses, key information prospectuses and other official documents as well as Aktia Bank Oyj’s investor notification are available free of charge in Finnish and Swedish at Aktia’s offices and at [www.aktia.fi](http://www.aktia.fi). The funds are managed by Aktia Fund Management Company Ltd, which is part of the Aktia Group. Aktia Bank Oyj acts as an agent of Aktia Fund Management Company Ltd.

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