



Responsible Investment Policy

eQ Asset Management Ltd.

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1. Introduction

eQ implements responsibility and sustainability both at Group level and in eQ Asset Management's investment operations and Advium's corporate finance operations.

eQ Asset Management has for several years acted as an active forerunner for responsible investment. We signed the United Nations Principles for Responsible Investment (UN PRI) in December 2010. We promote responsible investment at the Finnish Venture Capital Association, Invest Europe, Rakli, and Finance Finland. We are an active member of Finsif (Finland's Sustainable Investment Forum). We have signed CDP's Climate Change programme. In addition to these, we sign the Science Based Target Initiative organised by CDP every year. We are also a member of the GRESB (Global Real Estate Sustainability Benchmark) with regard to the company's real estate investments.

eQ Asset Management's principles for responsible investment form a framework for all of the Group's investment operations and their processes. Our procedures described in these principles are based on what eQ Asset Management has learned of the work it has done for more than ten years, to integrate responsibility and sustainability with decision-making on investments in different asset classes. The principles cover all asset classes, and their application varies depending on the asset class and investment method. eQ Asset Management's principles for responsible investing have been approved by eQ Asset Management's Board of Directors and are based on policies concerning responsible investment defined by the Board.

2. Responsible and sustainable investment at eQ Asset Management

Responsibility and sustainability are a key part of eQ Asset Management's investment activities and processes. In practice, this means that sustainability risks and opportunities are integrated systematically and practically in the selection, monitoring and reporting of investments in all of eQ's investment areas (Disclosure Regulation (EU) 2019/2088, Article 3). Our goal is to identify investments that benefit from sustainable operation and their potential for return, and to reduce the risk in investments.

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment (Disclosure Regulation (EU) 2019/2088, Article 2(22)). Potential realisation of the sustainability risk in an investment can cause a negative impact on the value of the investment, and on the surrounding society and/or environment in general. The material nature of sustainability risks varies in different sectors and business models, and investments can also be exposed to sustainability risks through their value chains. eQ's brochures and rules on investment products describe in detail how sustainability risks are taken into account in investment decisions for each product and what any product-related sustainability are.

eQ is also committed to considering the principal adverse sustainability impacts in investment decisions, and to collecting Principal Adverse Impact (PAI) indicators of its investments which are used for monitoring any adverse sustainability impacts in investments (Disclosure Regulation (EU) 2019/2088, Articles 4 and 7). A notice of the principal adverse impacts of investment decisions on sustainability factors is available on eQ's website.

eQ's Director for Responsible Investment is responsible for the work on responsible investing and its development. Each investment team also has a dedicated person who has deeper knowledge of responsible investments. In addition to these persons, we believe it is of utmost importance that all those working on investment activity understand, recognise and take into account the potential sustainability risks and opportunities pertaining to investments. This is something that cannot be

outsourced. In addition to responsibility/sustainability analyses, it is an important part of a portfolio manager's job to have a regular engagement dialogue with the investees.

We inform our clients of eQ's responsibility policies and practices and talk to them about their expectations for responsible investing. If a client has their own policy of responsible investing, it is included in the management of client assets to the extent possible. We provide our clients and all of our employees with continuous training in sustainability matters. In our induction programme, we commit new employees to compliance with eQ's procedures on responsible investing.

eQ Plc's Board of Directors is reported once a year on implementation of responsibility and responsible investment and on future development activities in all of our areas of investment. Furthermore, eQ Fund Management Company's Board regularly discusses engagement activities with investees. We also annually report to PRI on the company's practices in responsible investing and on concrete engagement activities in the investees.

3. Responsible and sustainable investing as part of investment processes

3.1 Equity and fixed income investments

Considering risks and opportunities related to responsibility and sustainability in equity and fixed income investments is a very practical part of the portfolio manager's day-to-day work in the selection of investees and management of funds. We aim at excellent long-term return. Responsibility and sustainability are fully aligned through this goal, so a responsibility/sustainability analysis is at the core of investment processes for all of our funds. We make an active impact on investees in questions of responsibility by having a direct dialogue with the companies. Periodically, we also participate in joint engagement initiatives together with other investors.

We review all investments in actively managed equity and fixed income funds with sustainability indicators we have specified. Environment-related themes we monitor include corporate emission data, trends and reporting, as well as commitment by businesses in the science-based goal for reducing emissions. We also evaluate how environmental questions are taken into account in business operations and how companies promote sustainable technologies and procedures. We monitor the realisation of factors related to social responsibility and governance in enterprises through the Principal Adverse Impact (PAI) indicators we report. We also determine the availability of corporate responsibility reports, which we have long encouraged companies to publish in order to achieve better transparency. The table on the next page lists typical sustainability risks that are identified in equity and fixed income investments. The material nature of sustainability risks varies in different sectors and business models, and investments can also be exposed to sustainability risks through their value chains, suppliers and clients included.

Environmental risks	Social responsibility risks	Governance risks
Ability of businesses to consider climate change in their operation	Risks to employees' health, safety and well-being	Inadequate management of sustainability factors in business
Questions related to energy and material efficiency	Human rights violations	Questions related to the composition of the Board of Directors
Exposure to scarcity of water	Realisation of diversity at the workplace, and sustainable development of human capital	Action against corruption and bribery
Challenges with the volume and processing of waste	Endangerment of product safety	Questions related to cybersecurity, protection of information, and data protection
Risks related to biodiversity	Risks associated with the management of the supply chain	
	Loss of customer satisfaction	
	Violation of the rights of indigenous peoples	

Since 2018, our own sustainability assessment work has been supported by ISS ESG, which monitors the contents of our funds quarterly to detect any violations of the UN's Global Compact principles. These violations are typically related to environmental matters, corruption, human rights, and the rights of employees. The information produced by ISS ESG is used actively in the interaction with companies, and in all verifiable violations, we will launch a process in order to find out if the investment is still in line with our responsibility principles for long-term ownership. If the portfolio manager comes to the conclusion that the prerequisites behind the original investment decision are no longer valid during the engagement dialogue, eQ will give up the investment.

In summer 2022 we supplemented our partners in responsible investing with MSCI, which supplies extensive sustainability data in support of investment decisions and engagement concerning equity and fixed income investments.

For any external asset manager, we always find out before the actual investment if the asset manager has signed the UN's Principles for Responsible Investment, if the asset manager has a policy for responsible investment, what ESG resources and processes and reporting practices it uses, and how EU regulation on sustainable financing is implemented in the asset manager's operations. We monitor any changes in the aforementioned matters with an annual ESG survey sent to the funds. We expect existing partners to provide regular sustainability reports and a summary of annual voting activity and the dialogue with the investees.

3.2 Private equity, private credit and venture capital investments

Consideration of risks related to sustainability and responsibility is systematically included in private equity investment processes, which include selection and monitoring of target funds and investor reporting. eQ also aims to continuously recognise opportunities associated with sustainability and responsibility. In eQ's fund products where we use an external advisor (private credit, US PE, and venture capital funds), eQ requires the partner to fulfil the sustainability criteria and to prepare an ESG due diligence report when selecting investees. eQ carries out ESG monitoring related to investments partially by itself (US PE funds). In late 2021 eQ launched its first venture capital fund in co-operation with TrueBridge Capital from the United States. Although venture capital funds are often pioneers in thinking related to responsibility, it appears that systematic monitoring of responsibility factors is even less frequent than in private equity investments, for example. eQ and TrueBridge jointly monitor and develop procedures on this matter.

Responsibility is always part of an investment decision. As part of the investment process, eQ aims to extensively identify sustainability and responsibility risks and opportunities associated with target funds. In evaluating the responsibility and sustainability of a potential target fund's management company, eQ starts with the basics which are the attitude and written policies and guidelines relating to responsibility, and ends with concrete details such as descriptions of the process of responsible investing, tools related to the selection and monitoring of investments, and investor reporting. During the due diligence process, eQ specifies for every fund a responsibility assessment and monitors and reports its development on an annual basis. Our goal is to include objectives related to responsibility and sustainability in each target fund's legal documentation.

eQ evaluates and monitors the realisation and development of responsibility and sustainability of investments by, e.g., an annual survey sent to target funds and in conversations with target funds. We also actively participate in target funds' annual general meetings and in the work of the Advisory Board. The contents of our annual ESG survey have remained mostly unchanged for several years, so we can systematically monitor the ESG trend at management companies and their target funds. If a target fund receives a very poor responsibility assessment as a result of the ESG survey and we do not see a positive trend in development, we will discuss the matter with the target fund's management company. At the same time, we will be available for questions related to the development of responsible investing if necessary.

Private equity, private credit and venture capital investments are typically in different sectors, so they may involve very different kinds of sustainability risks. The fund manager has primary responsibility for the identification, measurement and impact relating to sustainability risks. The table in paragraph 3.1 on equity and fixed income investments shows typical risks that are also identified in the target companies of private equity, private credit and venture capital funds. We also add to the table questions relating to the realisation of diversity in the management company and in the target companies.

Besides our own operation, we also want to actively promote the implementation and development of responsible investing practices in the private equity sector. For instance, eQ is the chair of the ESG working group at the Finnish Venture Capital Association.

3.3 Real estate investments

Adaptation of climate change is the environmental objective of eQ's real estate funds. Real estate funds have a low-carbon target for energy consumption during use by the year 2030. Measures for reaching this goal are specified in the Low-carbon Roadmap (2020). The realisation of the objective is monitored and reported to investors annually. The low-carbon objective set is strongly manifested

in both the property purchasing process and in measures promoting responsibility and sustainability during the ownership period.

When purchases of properties are being planned, the company always prepares the necessary due diligence reports and considers responsibility perspectives as well. Technical and environmental due diligence includes a condition assessment, energy systems and sources, fulfilment of official requirements, indoor air, zoning, history of use, the soil, a radon survey, and flood risks. The reports also assess sustainable forms of traffic, the property's location from the perspective of public transport, and management of life cycle costs.

During the ownership period, measures are taken in separate properties in order to promote responsibility and sustainability. Among other things, consumption data (energy, water and waste) of all sites is collected, deviations are monitored, and action is taken based on such data. In addition, energy efficiency is improved through measures relating to ventilation, heating and cooling systems, lighting and heat insulation of structures.

eQ's real estate funds have adopted BREEAM certification during use as an important tool for monitoring and developing responsibility and sustainability at the property level. BREEAM (Building Research Establishment's Environmental Assessment Method) reviews the environmental impacts of a building in terms of management, energy and water consumption, materials and traffic. Breeam in Use certification goals, with a schedule and a targeted level of Very Good, have been set for the investments in the funds. The certification helps us assess the operability of both an individual property and its related maintenance functions, identify any shortcomings, and select areas of development.

Environmental and climate-related matters are a key theme in responsibility management concerning real estate investments. eQ aims to find low-carbon solutions in all choices made. Since early 2018, electricity generated from renewable sources has been used in investments made by real estate funds, and since 2020 green district heating has been used in sites where it is available. In addition, we always evaluate the possibilities of using geothermal and solar energy in our new sites.

Another important tool in monitoring and developing responsibility and sustainability is results obtained from the portfolio-level GRESB (Global Real Estate Sustainability Benchmark) sustainability assessment. eQ's real estate funds have participated in the international GRESB (Global Real Estate Sustainability Benchmark) sustainability assessment in the real estate sector since 2019.

Another key aspect is co-operation with significant stakeholders. As one example, we can mention a regular customer satisfaction survey for tenants to collect information about the satisfaction and experiences of site users, and identify areas of development regarding individual properties as well as the activities and processes of both eQ and its partners. Cooperation on responsibility matters with the suppliers we use is also important. All agreements (such as building contracts and agreements with service providers) always include eQ's Code of Conduct for suppliers as an enclosure. eQ and the contractors used by eQ have a zero tolerance towards the grey economy, underpayment and illegal workforce.

The examples of typical sustainability risks, shown in the table in paragraph 3.1 on equity and fixed income investments, are also identified in real estate investments. In addition to these, we recognise as environmental risks questions relating to the ability of properties to help mitigate climate change and their "climate resilience", or ability to adapt the changes caused by climate change in the surrounding business environment now and in the future. Questions related to the production and purchase of renewable energy are also seen as environmental risks.

The implementation and development of responsibility and sustainability are part of the day-to-day work of every employee on the real estate team. Consideration of sustainability risks has been integrated as a natural part of processes and practices. We are committed to constant development

of responsibility and sustainability. We look at properties as a “permanent owner”, which means that it is important to carry out sustainable solutions on a long term in order to develop both our own processes and the technical features of the real estate investments. We also want to make an active contribution to the industry and its practices.

4. Exclusion

Our investment process is based on an evaluation of the sustainability of investees, and this also includes an assessment of societal impacts. Companies invested in are not evaluated in terms of the company’s industry and its special features only but also to a broader extent. We aim to find for our portfolios high-quality companies at moderate prices, which adapt well to the changing environment and whose product portfolio develops in the right direction with regard to ESG. Companies that ignore ESG matters and stubbornly pursue their unsustainable business operations are seen as risky investments, which may well have a weaker potential for returns also. We do not invest in companies that have a “sustainability problem” or divest them from our portfolio.

We believe that an active dialogue with investees has a broader impact on improving matters for both the company in question and society at large. In some situations, however, we may decide to simply exclude a company from our investments.

5. Ownership policy

Corporate governance is a key part of eQ’s policy of responsible investing and it is implemented in investment activities and related processes in all of eQ’s investment areas. In investment operations we ensure that investees comply with good governance and consider not only financial matters but also sustainability factors essential for the investee, i.e. factors related to the environment, social responsibility and governance, according to eQ’s policy of responsible investing.

Tools of corporate governance include engagement and exercise of the voting right. Engagement means an active dialogue with investees. We exercise the right to vote at company meetings when necessary. We describe our ownership practices in detail in ownership policy of eQ Asset Management Ltd.

6. Reporting

We regularly report on the realisation of responsibility and sustainability in all of our investment areas to our clients. We provide a semi-annual ESG report on all equity and fixed income funds and client portfolios. For private equity, private credit and venture capital investments and real estate funds, we provide an extensive report on responsibility matters once a year.

Sustainability details, reviews and reports concerning eQ and the investment products (equity, fixed income and real estate investments) are available on eQ’s website.

7. Approval of eQ Asset Management’s principles of responsible investing

The principles of eQ Asset Management’s principles of responsible investing are evaluated on an annual basis and updated as necessary. They as well as eQ Asset Management Ltd’s ownership policy are available on eQ’s website.