EVLI'S CLIMATE TARGETS

Evli aims to halve the greenhouse gas emissions of its investments by 2030 and aims to be a net zero asset manager by 2050 at the latest.

Evli aims to achieve net zero and carbon neutrality by 2050 at the latest[1]. The target applies to emissions from both Evli's own operations and its investments. With this target, we aim to ensure that our operations are in line with the target set by the 2015 Paris Agreement to limit global warming. The Paris Agreement aims to limit global warming to 1.5 degrees and well below 2 degrees Celsius compared to pre-industrial levels. In addition, the agreement aims to increase the ability to adapt to the adverse impacts of climate change and to make financial flows and technological development consistent with a pathway towards low greenhouse gas emissions development, while considering different national and geographical conditions and social justice as part of the implementation.

Achieving the goals of the Paris Agreement requires significant actions from all segments of society and the economy, including in investment activities, where the focus of measures should be on reducing real-economy emissions. To achieve the targets, global greenhouse gas emissions should reach a decline and a balance between emissions and removals by sinks should be achieved as soon as possible. This, in turn, will also require countries to live up to their own commitments to meet the Paris Agreement targets.

Climate strategy and actions

Achieving the net zero target requires extensive groundwork, careful consideration, research and time. The global economy is still very carbon-intensive, which is why broadly diversified investment portfolios may also still be carbon-intensive. With its actions, Evli aims to influence in particular the most emission-intensive target companies, and to support companies in setting emission reduction targets and implementing transition.

As wealth managers, we must also take into account our responsibilities to our clients and their individual investment objectives. Achieving the targets of the Paris Agreement requires immediate measures to reduce greenhouse gas emissions. We believe that it is in the long-term interest of our clients that our operations are in line with global climate targets. Below, we have listed the measures we are taking to promote the implementation of the net zero target.

Interim targets

We recognize that a credible long-term net-zero target needs to be supported by sufficiently ambitious interim targets based on the latest knowledge on climate change and the required measures to reduce emissions.

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[1]With the update of the climate targets, the term net zero target is used alongside the carbon neutrality target. Net zero means reducing greenhouse gas emissions that are harmful to the climate, while carbon neutrality means reducing carbon dioxide emissions. Net zero target also includes a carbon neutrality target. In practice, the reduction of net emissions to zero refers to the aim of reducing emissions significantly to the extent that it is technically and/or economically feasible and sequestering the remaining emissions elsewhere, for example by means of sinks. Evli's primary goal is to achieve real-world emission reductions, and offsetting emissions is a secondary means of achieving the targets.

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We have set the following milestones for our activities:

1. A 50% reduction in indirect emissions from investments by 2030, provided that the investment environment allows for it. The base year for the target is 2019.
2. In equity and corporate bond funds, increasing the share of investments made in material sectors that are achieving net zero, aligned to net zero or aligning to net zero. The target level for 2027 is 55% and the target for 2030 is 65% for equity and corporate bond funds. The comparison year is 2022, when the above-mentioned share of investments was 42%.[2]
3. By 2030, engaging with at least 20 of the highest-emitting companies that are not committed to or do not have approved science-based climate targets, or that are not meeting the net-zero definition.[3]

The emission reduction target for investments is monitored with Scope 1 and 2 emissions. Regarding Scope 3 emissions, we follow the development of companies' reporting and data providers' analysis to be aware of indirect emissions of target companies and opportunities to develop target setting for Scope 3. The fund-specific share of the emission reduction target for investments may vary between different funds and asset classes. For example, we can take into account geographical differences and societal perspectives in mitigating climate change in accordance with just transition. Just transition refers to recognizing the uneven distribution of the potential adverse impacts of climate change and its mitigation measures, so that human rights and particularly vulnerable groups are taken into account as part of climate change mitigation.

In accordance with the roadmap presented below, the analysis work on other asset classes is an essential part of the climate targets. The work to include alternative asset classes in emissions calculations is progressing according to the roadmap. In addition, we monitor the scenario analysis of our investments and how they are aligned with the 1.5-degree target of the Paris Agreement.

Roadmap towards net zero

To achieve our targets, we will systematically develop the work we do. To accomplish this, we have built a separate roadmap to guide our actions, which is built according to the following points:

1. Building a snapshot and emission reduction measures

Evli monitors the carbon footprint of equity and fixed income funds and, as a forward-looking indicator, for example, the climate targets of the investee companies and their development. The main indicator used in monitoring emission reductions is the portfolio-weighted carbon intensity, which covers the Scope 1 and 2 emissions of the investment targets (weighted average carbon intensity). In addition, we utilise data on absolute emissions, financed emissions, scenario analysis, the share of companies owning fossil reserves (oil, coal and natural gas) in the investment portfolio, and an analysis of the companies' transition to a low-carbon economy. We recognize that there are still challenges related to the calculation of emissions and the availability of data in certain asset classes, as well as for companies operating in emerging markets and small companies. This will inevitably affect the current snapshot of our investments and the direction of the development of emissions, but we believe that the

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[2]The target is part of the interim targets set by Evli for the Net Zero Asset Managers initiative in 2023. The target utilizes the Net Zero Investment Framework's methodology for assessing companies. According to the methodology, *aligning to net zero* refers to companies that have science-based climate targets and a decarbonization plan. *Aligned to net zero* refers to a company that has the above-mentioned targets and whose current emissions are in line with a net zero transition pathway. For *net-zero* companies, the emission level has reached net zero and can be expected to continue net zero in the future as well.

[3]A science-based target refers to a target set in accordance with the Science-Based Targets initiative (SBTi) and net zero refers to the definition of Net Zero Investment Framework. In accordance with the Net Zero Asset Owners Alliance Target Setting Protocol methodology, the engagement objective takes into account Evli's direct engagement with companies and/or engagement through collaborative engagement initiatives.

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availability of both calculation methods and data will improve in the coming years.

For alternative asset classes we use similar indicators, taking into account the differences between asset classes. For example, real estate investments monitor the emission data of properties, forest investments measure the amount of carbon dioxide sequestered, and fund of funds survey the climate targets set by external fund managers and emissions data. The coverage of emissions data may vary across alternative asset classes, and we recognize the challenges in terms of data availability. We will continue to work to build a more accurate snapshot of these asset classes as well.

The implementation of the net zero target requires development of investment analysis to form a more comprehensive understanding of the current situation in different asset classes. We will research and further develop the following topics and indicators, among others, and integrate them into the analysis and reporting of investments, where applicable:

Roadmap actions	Measures
Emissions footprint of investments	Monitoring the development and considering Scope 3 and absolute emissions data Monitoring the development of new climate indicators Developing scenario analysis and investment assessment in relation to the 1.5–2 degree target Improving reporting
Alternative asset classes	Developing climate data and emission calculations Setting concrete asset class-specific targets Improving reporting
Adaptation to climate change	Research on climate change adaptation as part of climate work Developing engagement work
Nature as part of climate work	Developing the consideration of biodiversity Preventing deforestation and supporting carbon sinks as part of nature work
Climate-sustainable investments	Developing the analysis of target companies' climate targets and emission reduction plans across all asset classes Carbon-neutral and low-emission investment opportunities Research on investments that offer solutions to climate change, new technologies or supporting carbon sinks
High-emission investments	Developing plans for emission-intensive investments Supporting green transition in emission-intensive investments
Risk assessment	Developing the analysis of physical and transition risks Improving reporting

2. Developing climate risk management

The risks and opportunities related to impacts of climate change and adaptation to climate change affect the assessment on investments. Taking them into account is therefore an integral part of the work to implement climate targets. Evli utilizes an analysis of target companies' capabilities to transition to a low-carbon economy. We discuss with different ESG data providers and research the climate-related data they provide. The main goal is to find more data for a more comprehensive analysis to assess climate risks and opportunities, taking into account, for example, the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) framework for climate reporting in terms of scenario analysis and physical risks. The TCFD is currently part of the International Sustainability Standard

Board's (ISSB) IFRS S2 reporting recommendations.

3. Updating the exclusions

In accordance with Evli's Climate and nature principles, we avoid investing in companies with turnover from the extraction of coal or its use in energy production, or from the mining of oil sands. In addition to revenue restrictions, Evli does not finance new coal-fired power plants, coal mines or oil sands projects that are in the planning and construction stages. However, it is possible to deviate from the exclusion in these cases if the company has a concrete plan to change its operations and/or the company supports just transition. The principles also exclude companies that produce peat for energy production. In addition, some of the funds follow a broader exclusion of fossil fuel and coal producers.

We will review climate-related exclusions in relation to the net zero target and a credible emission reduction pathway and assess possible needs for updating. However, we do not see exclusion as a primary strategy for reducing emissions in target companies, as our aim is to engage with companies and reduce the actual emissions, which are not directly affected by the exclusion. For example, we see engagement as a more effective way to encourage companies to take climate change into account in their business and reduce the emissions from their operations. However, if the company's operations are not in line with global emission reduction targets, the company does not have a clear plan to reduce emissions, or if engagement proves ineffective, exclusion shall be considered.

4. Engagement and active ownership

We consider climate topics extensively in our own engagement work, collaborative engagement and in meetings with target companies. The focus of engagement work is particularly on high-emitting companies and companies whose emissions or emission reduction targets are not in line with the targets of the Paris Agreement. In addition, as part of our discussions with companies and stakeholders, we encourage companies to set their own science-based climate targets and to report more comprehensively on emissions, risks and opportunities related to climate change. Evli participates in collaborative engagement initiatives and investor statements when the object and targets of the engagement are in line with Evli's Principles for responsible investment, Climate and nature principles, and Climate targets. The purpose of collaborative engagement initiatives and statements is to bring together a broader group of investors behind the same targets, which makes engagement more extensive. The topics of initiatives and statements include, among others, climate change mitigation, human rights and biodiversity. We report on the results of engagements as part of our annual reporting.

Evli can also use voting at general meetings as a means of engagement. Evli utilizes a proxy advisor as part of its voting analysis at general meetings of domestic companies, and in selected international general meetings also for voting (so-called proxy voting). By participating in and voting at general meetings, Evli is able to take a stand on issues related to climate as well.

5. Systematic analysis of targets

We understand that the road towards net zero is long and that emissions data is still lacking in some areas. However, we want to be a part of the change and contribute to future development through our own actions. The Paris Agreement signed in 2015 requires countries to update their climate targets every five years. Many initiatives related to climate change mitigation also require setting targets every five years or otherwise call for short- or medium-term targets. We also see this as a sensible way forward, and we will continue to review and update our own roadmap and targets at least every five years. We follow investor guidelines and their development on emission reduction pathways in line with the Paris Agreement, and develop our measures and interim targets to meet their target level.

As part of our climate target work, we will also explore investor initiatives that aim to commit financial

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sector participants to achieving a net-zero investment portfolio by 2050. In addition, we follow the development of various standards and frameworks for the financial sector and assess their suitability for our climate work.

Evli's climate work

The net zero and carbon neutrality target complements Evli's long-term work on sustainability and climate topics. Evli published its wealth management’s Climate change principles in 2019 and the Climate targets in 2021. In 2019, we joined the Task Force on Climate-related Financial Disclosures as public supporters and have been reporting according to the framework ever since. In addition, we are involved in several climate-related collaborative engagements, on which more detailed information can be found on Evli's website. By committing to net zero and carbon neutrality by 2050, we want to do our part in supporting the achievement of global climate targets and the transition to a sustainable economy.

When setting the targets in 2021, Evli established a working committee to assess in more detail how the interim target for investments can best be reached through real-world emission reductions and in line with the Paris Agreement. The working committee has continued to support Evli’s climate work until 2025, after which the work will continue in several different units and in the Responsible Investment Executive Group. In the future, the climate target working committee will meet, when necessary, for example, to review the climate targets.

Climate and nature work in investment activities

In 2022, Evli strengthened its climate commitment by signing the Net Zero Asset Managers initiative and publishing interim targets for equity and corporate bond funds, which the initiative approved in 2023.

As part of the work related to nature and the measures set out in Evli's biodiversity roadmap for 2023–2025, the Climate change principles were updated to Evli's Climate and nature principles in 2025. Taking nature into account strengthens Evli's ability to assess and identify investment-related risks more comprehensively and to prepare for the adverse impacts of climate change. In nature work, for example, preventing deforestation supports the preservation of carbon sinks.

To support the work related to the climate targets, Evli also makes investments aimed at mitigating climate change. For example, Evli Green Corporate Bond Fund aims to achieve positive climate impacts through its investment activities by investing in green corporate bonds, Evli Impact Forest Funds aims to sequester carbon dioxide from the atmosphere through forest investments, and Evli Renewable Energy II Fund makes sustainable investments in renewable energy projects. In addition, Evli's corporate bond funds may use positive selection by investing in green bonds.

Evli's own operations

Evli aims to achieve net zero emissions from its own operations (Scope 1 and 2). The emissions caused by Evli's own operations are limited due to the nature of our operations and are mainly related to Scope 2 emissions from purchased electricity and heating. The majority of Evli's emissions are centered on indirect Scope 3 emissions caused by investment activities. In addition, indirect emissions are caused by, for example, business travel, commuting between home and work, waste and purchased goods, but their significance in relation to emissions caused by investment activities is limited. Primarily, the aim is to reduce the emissions of own operations through concrete measures, such as updating the electricity contracts of the premises to emission-free alternatives and paying attention to the environmental impacts of purchases and commuting. Evli regularly calculates the emissions of its own operations and currently offsets any possibly remaining Scope 2 emissions after emission reduction measures through investments in Evli Impact Forest Funds, which sequester carbon dioxide.

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Systematic review

In 2025, Evli carried out a review of its climate targets, in which the target setting and roadmap for achieving the targets were compared to the targets of the Paris Agreement. As a result of the review, the climate targets have been updated, specifications to targets were made and plans for continued work have been added to Evli's roadmap towards net zero. In accordance with the roadmap, the development of the targets and emissions will be monitored, and the practical guidelines of the targets will be specified at least every five years.

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