espiria
PART OF EAST CAPITAL GROUP

Espiria Hållbar Framtid
Impact Report

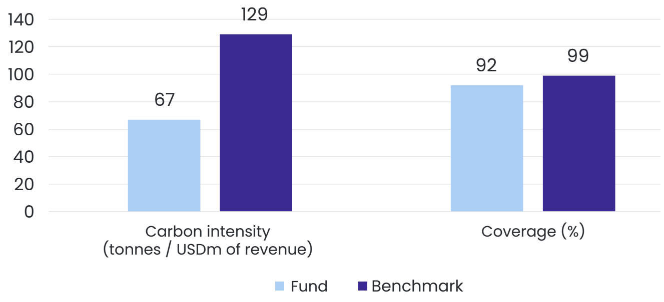
This report sets out the Principal Adverse Impact ("PAI") indicators according to the EU's Sustainable Finance Disclosure Regulation ("SFDR"). It then highlights the key metrics the portfolio management team uses to assess the impact of the fund's investee companies on the surrounding world.

Principal adverse impact indicators	Units	Metric		% Coverage	
		Fund	Benchmark[1]	Fund	Benchmark[1]
Climate and other environment-related indicators					
Scope 1	Tonnes	2,153	–[2]	92%	99%
Scope 2	Tonnes	1,206	–[2]	92%	99%
Scope 3	Tonnes	73,120	–[2]	82%	93%
Carbon footprint	Tonnes / EURm invested	33	40	92%	99%
GHG intensity (Scope 1 + 2)	Tonnes / USDm revenue	67	129	92%	99%
Exposure to fossil fuel sector	% AUM / Benchmark	0	7	94%	100%
Non-renewable energy consumption	% of energy consumption across holdings	55	53	71%	74%
Non-renewable energy production	% of energy production across holdings	10	21	43%	44%
Negative biodiversity impact	% AUM / Benchmark	7	8	94%	100%
Emissions to water	Tonnes / EURm invested	0	0	3%	0%
Hazardous waste	Tonnes / EURm invested	1.8	3.6	94%	99%
Social and employee indicators					
Violation of UNGC or OECD guidelines[3]	% AUM / Benchmark	0[3]	1	94%	100%
Lack of compliance mechanisms	% AUM / Benchmark	39	57	92%	99%
Gender pay gap	% difference in male vs. female pay (where reported)	10	15	7%	6%
Female board members	% of total board members (weighted average basis)	38	34	94%	99%
Controversial weapons[3]	% AUM / Benchmark	0[3]	0	94%	100%
Voluntary indicators					
Lack of deforestation policy	% AUM / Benchmark	74	81	92%	99%
Lack of human rights policy	% AUM / Benchmark	1	7	92%	99%

- Our fund's **GHG intensity is 48% below the benchmarks**. We do not invest in fossil fuel companies and would typically not invest in companies with a GHG intensity considerably higher than their peers.
- The fund's **exposure to negative biodiversity impacts and hazardous waste is very low and below the benchmark**. We would not invest in high-risk companies to ensure alignment with the Sustainable Development Goals (SDGs). As TNFD Early Adopters and participants in Nature Action 100, we contribute to global investor efforts to address nature and biodiversity loss.
- Due to lack of data on gender pay gap in our universe, we focus on **board gender diversity**. Our portfolio is well above global averages and the comparable benchmark's. It remains a topic on which we often engage with our holdings. Read more here.
- As a Financial Sector Deforestation Action (FSDA) member, we map deforestation risks in our portfolio and engage with high-risk companies on deforestation issues.

[1] 1 iShares MSCI ACWI ETF. No specific index has been designated as a reference benchmark for the purpose of attaining environmental or social objectives.
[2] We do not report data for the benchmark because this is an absolute measure that is related to the size of the fund, i.e. owning 1% of a company with 100 tonnes of Scope 1 emissions would result in 1 tonne of Scope 1 emissions attributable to the fund.
[3] While coverage by the data provider is below 100%, our investment and screening processes imply full portfolio coverage on this parameter.

Carbon intensity versus benchmark



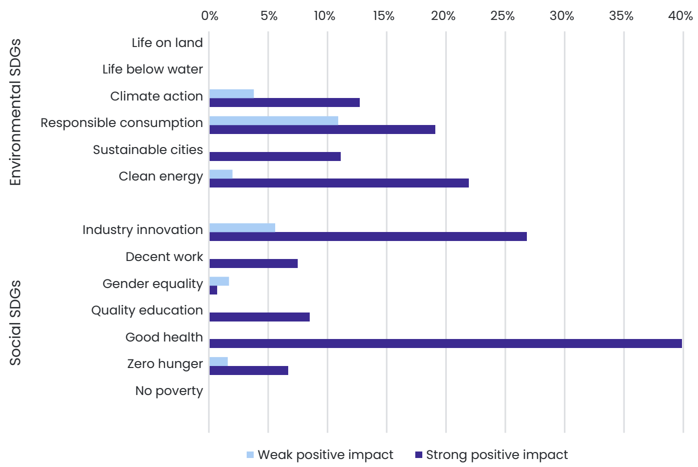
- Data coverage has been increasing dramatically in the last few years, in part due to regulation, though also engagement efforts from investors like ourselves; for example, we actively participate in the CDP Non-Disclosure Campaign to **improve environmental data,** including climate data, targeting all our holdings in the fund which do not report to CDP. See the case study published by CDP.

SDG impact

- We assess SDG impact using a proprietary tool, which is explained in detail in a PRI case study and featured as a best practice responsible investment example for China.

- Our proprietary tool **SDG VCA (value chain analysis)** combines revenue exposure and SASB mapping to identify the two most material SDGs for a company's value chain. The tool gives a score of -100 to 100, based on current impact and a 3-5 year outlook. Impact is assessed based on **materiality, intentionality, additionality** and **criticality**.

- We currently assess that **73%** of the fund has a **strong positive impact** on at least two SDGs. Because we require a score of above 25 ("weak positive impact") to be included in the portfolio, **100%** of our companies have **a net positive impact on one SDG**.



Stewardship

- During H1 2025, we voted at **33** meetings (70%) of the **47** shareholder meetings where we were able to vote.

- In line with our stewardship principles and convictions, we voted against items such as proposals to allow virtual-only shareholder meetings, share buyback plans due to elevated leverage, and share issuance proposals without pre-emptive rights.

Voting is an important part of our active ownership efforts, and we typically follow up with management when we vote against items to ensure they understand the rationale for our actions.

Case studies

SDG 7: Affordable and Clean Energy / SDG 9: Industry, Innovation & Infrastructure
AFRY contributes to SDG 9 by improving connectivity and infrastructure through projects that promote innovation and industrial growth. The company also supports SDG 7 by advancing energy efficiency and developing sustainable energy solutions. Its continued focus on infrastructure and clean energy projects underlines AFRY's commitment to sustainable development.

SDG 3: Good Health & Well-Being / SDG 13: Climate Action
BioArctic advances SDG 3 through its focus on disease-modifying treatments for neurodegenerative diseases, including Leqembi, the first FDA-approved Alzheimer's drug that slows disease progression. Under SDG 13, BioArctic maintains 100% renewable electricity and aims for SBTi validation by 2026 and net-zero emissions by 2050, reflecting strong climate governance within its operations.

SDG 3: Good Health & Well-Being / SDG 12: Responsible Consumption and Production
Essity supports SDG 3 by improving access to hygiene and health products, particularly in emerging markets and for special-needs populations. It also contributes to SDG 12 through sustainable production, with 78% of its packaging from renewable or recycled materials and 64% waste recovery. Essity targets 85% renewable or recycled packaging by 2025.

SDG 4: Quality Education / SDG 10: Reduced Inequalities
Coursera contributes to SDG 4 by expanding access to quality online education, reaching 92 million learners and 189 million enrollments worldwide. It also advances SDG 10 by offering affordable education to diverse populations, reducing global inequalities in access to learning and employment opportunities.

SDG 7: Affordable and Clean Energy /SDG 13: Climate Action
Vestas Wind Systems contributes to SDG 7 through its 177 GW of installed wind capacity across 36 countries, significantly expanding renewable energy generation. Under SDG 13, Vestas aims for carbon neutrality in Scopes 1–2 and a 45% reduction in Scope 3 emissions per MWh by 2030. Its efforts in low-emission materials and circularity strengthen its role in the global energy transition.

Engagement

Deepening our understanding of Taiwan's regulatory and business environment, with a focus on energy transition

During our four-day trip to Taipei and the Hsinchu Science Park in early April, we met with a broad range of stakeholders, including corporates (some of whom are in our portfolio), government officials, diplomats, think tanks, regulators, as well as asset owners and fellow asset managers. The main topics covered were climate goals, green finance, technological innovation, geopolitics and trade.

Highlights and key findings from the trip:

- Taiwan excels in AI, drones, and semiconductor foundry markets, with significant energy consumption concerns and efforts towards AI-empowered sustainability.
- Notably, we found that there is a clear carbon reduction plan and green growth funding, with the aim of reaching carbon neutrality by 2050 and creating 22,000 green jobs per month, with higher starting salaries.
- Banks are developing climate risk management pathways with varied targets and assessments, highlighting the need for clear, instructive goals.
- A particularly striking observation was that Taiwan faces challenges in power supply and market liberalisation, with carbon pricing mechanisms starting in 2025 and plans for cap-and-trade systems by 2027-2028.
- Resilience - in security, climate risks and business contexts, emphasises the need for diversified operations and cautious geopolitical navigation amid US-China tensions.

Other engagements

Contemporary Amperex Technology Co. Ltd (CATL) > Board composition and corporate governance
We engaged with CATL to discuss board composition, diversity, and governance practices in the context of China's evolving sustainability disclosure standards. Follow-up correspondence with the investor relations team and participation in Asia Corporate Governance Association dialogues focused on improving board refreshment and aligning oversight with long-term sustainability strategy.

BYD Co. Ltd > Climate, biodiversity, and human rights due diligence
Several engagements were held with BYD addressing climate change, biodiversity, and supply-chain-related human rights practices. Discussions and written communication Our dialogue centered on the company's environmental transparency, labour standards, and sourcing policies. These exchanges were part of coordinated investor efforts around AGM-related statements and climate disclosure improvement.

Danone > Sustainability approach and practices
We contacted Danone to better understand updates to its sustainability governance and environmental performance. The dialogue included exchanges regarding the company's ESG reporting structure, strategic focus on health-oriented product lines, and alignment with global sustainability frameworks.

Essity > Biodiversity and circular production
As part of the Nature Action 100 initiative, we engaged with Essity to discuss its approach to biodiversity, packaging materials, and circular production. Written correspondence focused on how the company manages resource use and integrates nature-related risks and opportunities into its broader sustainability strategy.

Taiwan Semiconductor (TSMC) > Climate and net-zero transition
Within the Net Zero Engagement Initiative, we met with TSMC to discuss its decarbonisation roadmap and TCFD-aligned reporting. The dialogue covered targets for Scope 1–3 emissions, renewable energy sourcing, and long-term plans to support Taiwan's upcoming carbon pricing framework.

AFRY > Executive incentives and governance alignment
We engaged with AFRY's board regarding its incentive structure to ensure consistency with long-term sustainability and shareholder objectives. Discussions covered the link between remuneration and ESG performance metrics, as well as the company's broader governance practices.

National Assembly of Korea > Corporate law and governance reform
In coordination with investor groups, we provided feedback on amendments to Korea's Commercial Act related to shareholder rights and board accountability. The engagement aimed to promote governance reforms that strengthen transparency and minority shareholder protections. We also engaged with proxy advisor ISS to support the introduction of cumulative voting rules in Korea. ISS welcomed our feedback and will consider it in their policy review.

Paris-Aligned Benchmark (PAB) exclusion criteria

Implementation: As of 2025, we have implemented the EU Paris-Aligned Benchmark (PAB) exclusion criteria for funds with sustainability-related terms in their names. This ensures that our strategies meet the highest regulatory standards for sustainable investing.

The criteria include the exclusions of companies involved in:

- Controversial weapons
- Tobacco cultivation and production
- UNGC/OECD guideline violators

Companies with

- ≥1% of revenues from coal & lignite
- ≥10% of revenues from oil fuels
- ≥50% of revenues from gaseous fuels
- ≥50% of revenues from power generation with a GHG intensity of >100 g CO_2e/kWh

Compliance: We confirm that the fund is fully compliant with the PAB exclusion criteria. This strengthens our sustainable investment approach and provides additional assurance to clients that our strategies align with Europe's most ambitious standards.

Example: Engagement with BYD
In mid-2024, we initiated a collaborative engagement with other shareholders and the Asia Corporate Governance Association (ACGA) regarding BYD's involvement in e-cigarettes, an issue identified under the new PAB exclusion criteria. The dialogue led to the company confirming that it had disinvested from this business. This successful engagement highlights our commitment to sustainable investing, demonstrates our ability to adapt to evolving standards, and shows how we can use our role as investors to drive positive change within companies.

In addition, we started an engagement with BYD following news, at the end of 2024, that subcontractors for the construction of their new mega factory in Brazil were found to have forced labour conditions for their staff. We are closely monitoring this issue, requesting more transparency and oversight, alongside other shareholders, in a dialogue which is still ongoing. Based on our materiality assessment, we do not consider this controversy to represent a risk that could jeopardise BYD's license to operate. However, we continue to follow the situation to ensure the company remains compliant with point 3 of the PAB criteria (UNGC/OECD guidelines).

Sustainable investment definition

- ESG analysis at Espiria is done by the Portfolio Managers and Analysts who cover the companies using robust proprietary tools, such as **the Espiria Quality & Sustainability Score** and **SDG VCA**.
- We classify "sustainable investment" using 3 binding elements that leverage the results of these proprietary tools. These elements are outlined to the right.
- As of 30 September 2025, we assess that **95%** of the fund is classified as sustainable.
- The remainder of the "not sustainable" investments (5% of the NAV) was represented by cash, which the Investment Manager maintains for liquidity reasons.

1. **Sector based and norms-based screening**
   I. Companies with >5% of their revenues from fossil fuels, weapons, tobacco, gambling, pornography and alcohol;
   II. We also use a third-party provider to check for breaches of UN Global Compact.
2. **SDG VCA tool of at least 25**
   I. This ensures companies have a net positive impact on the SDGs
3. **Company is classified as sustainable as per our "three-step test"**

I. Contribution to E and/or S	At least a score of 25 in the SDG VCA tool.
II. No significant harm to E or S	No red flags related to E&S issues and compliance in screening.
III. Good governance practices	>No more than 2 red flags related to G.

Top 5 holdings	
Microsoft	7.1%
Taiwan Semiconductor	5.5%
Schneider Electric	3.2%
Roche	3.0%
Essity	3.0%

Top 5 sectors	
Health Care	31.9%
Industrials	25.5%
IT	19.9%
Materials	6.7%
Consumer Discretionary	5.3%

Top 5 countries	
USA	30.5%
Sweden	21.3%
Germany	10.0%
China	8.0%
France	7.1%

We invest in markets, sectors and companies that contribute to a sustainable future and lead the way in innovation and environmental awareness.

Important information: Investment in funds always involves some kind of risk. Past performance is no guarantee for future performance. Fund units may go up or down in value up and investors may not get back the amount invested. Full information on Espirias's funds, such as the prospectus, key information document in English and financial reports can be obtained free of charge from Espiria, from our local representatives and are available on Espirias's website. The availability of Espirias's funds may be limited or restricted in some countries. The information about Espiria's funds is only directed at those investors located where Espiria is authorised to make this information available and is not intended for any use which would be contrary to local law or regulation. Every effort has been made to ensure the accuracy of the information herein, but it may be based on unaudited or unverified figures and sources, for which under no circumstances Espiria shall be answerable.