EAST CAPITAL GROUP

ESG Risk Report

Consolidated Level — Financial Year 2025

East Capital Financial Services AB

Prepared in accordance with EBA Guidelines on the Management of ESG Risks (EBA/GL/2025/01) and Article 53 of Regulation (EU) 2019/2033 (IFR)

Entity:	East Capital Financial Services AB (Sweden)
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Prepared by:	ESG and Risk functions, East Capital Group

1. Introduction and Scope

This report presents the ESG risk assessment for East Capital Financial Services ("ECFS") and its consolidated situation for financial year 2025. It is prepared in accordance with the EBA Guidelines on the Management of ESG Risks (EBA/GL/2025/01) and Article 53 of Regulation (EU) 2019/2033 (IFR).

Cadre Invest SA is a Luxembourg-incorporated holding company. The consolidated perimeter of Cadre Invest SA encompasses Eastate AB (Sweden) and its subsidiaries, including ECFS and East Capital Holding AB and its group companies.

Important note on scope and data coverage — This report covers in full the activities and ESG risk management processes of East Capital Financial Services AB (under its holding company 'East Capital Holding AB') and its consolidated situation (collectively referred to as 'The Group'), which represent one of the primary operating business within the Cadre Invest SA consolidated perimeter. The following entities are included within the legal consolidation perimeter of Cadre Invest SA but are not covered in full in this report: LaSpa Group OÜ, Laulasmaa Invest OÜ, Rytu Invest AB (the full scope of activities and sub-holdings of which has not yet been fully assessed), and Garna Stockholm Holding AB. These are holding and/or real estate entities whose activities differ from the investment management operations of the Group. The Investment management operations of the Group is also referred to as 'East Capital Group'. ESG risk data, transition risk assessments and physical climate risk assessments have not yet been completed for these entities.

East Capital Financial Services AB and its consolidated situation is classified as Small and Non-Complex Institution (SNCI) as defined in Article 4(1)(145) of Regulation (EU) No 575/2013, with consolidated total assets of above EUR 100 million. This classification informs the proportionate approach applied throughout this report, in accordance with the EBA Guidelines which provide differentiated provisions for SNCIs.

2. Consolidated Structure

East Capital Financial Services AB ("ECFS" or "the Company"), conducts regulated investment services comprising discretionary portfolio management, investment advisory and investor services on delegation from East Capital Asset Management SA ("ECAM", the Group's Luxembourg-based management company), and depot and account management services. The Company hosts the Group's core investment management functions, including the CIO, portfolio management, trading, and middle office oversight. The Company does not conduct proprietary trading, securities lending, or credit granting to clients. The Company has been categorised as a Class 2 investment firm in accordance with the IFR. Its activities are regulated under the Swedish Securities Market Act (2007:528) and Finansinspektionen's regulations (FFFS 2017:2) on investment services.

ECFS is fully owned by East Capital Holding AB ("ECH") and, together with the Cadre group, forms a consolidated situation ("the Consolidated Situation") for IFR purposes, as the group is deemed to constitute a financial group. ECFS is the responsible institution for the Consolidated Situation. The Consolidated Situation encompasses ECFS and associated entities under common ownership, including Cadre Invest S.A. The capital requirements and risk assessments described in this document apply to both ECFS on a standalone basis and to the Consolidated Situation. The Consolidated Situation is subject to the same IFR requirements as ECFS standalone, including own funds requirements, K-factor calculations, liquidity requirements, and this disclosure.

3. ESG Risk Governance

ESG risks at East Capital Group are governed through a three-level framework:

Level	Responsibility
Board of Directors	Ultimate responsibility for ESG risk oversight. Approves the Group's ESG Policy and this report annually. Receives quarterly ESG risk reports.
Head of ESG	The Head of ESG oversees ESG strategy and framework implementation, reporting directly to the Board.
Investment teams and control functions	Portfolio managers and analysts integrate ESG factors into day-to-day investment processes. The ESG team cross-checks analyses under a four-eye principle.
Control functions (Risk and Compliance)	Provide independent oversight of ESG risks and processes, ensuring compliance with regulations and internal policies, and challenging the first line where needed.

Internal Audit	Independently reviews the effectiveness of ESG governance, risk management, and controls, and reports findings and improvement recommendations to the Board.

The Group has been a signatory to the UN Principles for Responsible Investment (PRI) since 2012 and participates in Climate Action 100 and Nature Action 100.

4. ESG Risk Management Framework

All investment strategies managed by East Capital Group apply a proprietary four-pillar ESG framework:

Pillar	Focus	Implementation
1 — Exclusions	Sector and activity exclusions	Controversial weapons, tobacco, coal above defined thresholds excluded from all strategies. Strategy-specific exclusions applied for Article 8/9 funds.
2 — Controversy Screening	Norms-based screening	Continuous monitoring against UN Global Compact and OECD Guidelines. Escalation process for identified controversies.
3 — Proprietary ESG Analysis	Integrated ESG scoring	Proprietary ESG scorecard completed by investment teams; reviewed by ESG team under four-eye principle.
4 — Active Ownership	Engagement and stewardship	Annual letters to portfolio companies, direct engagement, proxy voting, and collaboration with other investors.

5. Materiality Assessment

In accordance with the EBA Guidelines on the Management of ESG Risks (paragraphs 11–16), East Capital Group has conducted an ESG risk materiality assessment covering the consolidated perimeter for which data is currently available.

The assessment is qualitative in nature and is based on a structured review of East Capital Group's business model, revenue structure, activities and operating environment, conducted internally by the ESG and Risk functions. No quantitative modelling or external data scoring has been applied at this stage. The methodology involves mapping each ESG risk category against East Capital Group's specific characteristics and identifying whether plausible transmission channels exist that could cause financial harm to ECFS. This approach is considered proportionate given the nature and complexity of East Capital Group's activities as an asset manager, and is consistent with the EBA Guidelines' acknowledgment that institutions may apply arrangements commensurate with their materiality assessment results.

The assessment is intended to be reviewed every two years, or sooner in the event of a material change to the business environment, regulatory landscape or Group structure.

The assessment focuses on ESG risks to ECFS itself—its own capital, revenue streams, and operations—rather than solely on portfolio-level ESG metrics. It reflects the potential impact on the business before mitigation measures, and does not assess the likelihood or probability of these risks materializing.

Risk Category	Assessment	Rationale
Business model / reputational risk	**MATERIAL**	East Capital's revenues are AUM-linked. Poor ESG performance in emerging market portfolios could trigger client outflows, fee income reduction and reputational damage. This is the primary ESG risk to the firm.
Operational risk (incl. greenwashing)	**MATERIAL**	Risk of misleading sustainability claims given the Group's extensive ESG branding and SFDR Article 8/9 fund range. Compliance monitoring processes are in place.
Market risk (indirect)	**MODERATE**	ESG factors can affect portfolio company valuations, indirectly impacting AUM and fee income. Managed through the four-pillar framework.
Credit risk	**LOW**	Credit risk is not a primary transmission channel for ESG risks at firm level.
Liquidity risk	**LOW**	No material ESG-related liquidity risk identified at firm level given the nature of the business model.
Concentration risk	**MODERATE**	Significant geographic concentration in emerging and frontier markets creates ESG-related concentration risk. Managed through diversification policies.

Non-materiality conclusions: Credit risk and liquidity risk are assessed as not materially driven by ESG factors at ECFS and its consolidated situation, given the business model. This conclusion will be reviewed at the next materiality assessment cycle.

6. Environmental Risks

6.1 Physical Climate Risks

Physical climate risks are most pronounced in East Capital Group's emerging and frontier market strategies, which span Eastern Europe, Sub-Saharan Africa, the Middle East, and South and South-East Asia. These geographies are disproportionately exposed to water stress, extreme heat, flooding and agricultural disruption, which can adversely affect portfolio company valuations and consequently the Group's AUM and revenues.

Physical climate risks are assessed at portfolio company level through the Group's proprietary ESG scorecard, which includes questions on climate adaptation readiness, water scarcity exposure, biodiversity and deforestation risks. This is a judgement-based approach drawing on available data. Systematic forward-looking scenario analysis is not yet in place and is identified as a development priority.

Data limitation: Granular physical risk data at asset level is not consistently available for all portfolio companies, particularly in emerging markets. Sector- and country-level proxies are used where company-specific data is unavailable. This gap is acknowledged and will be addressed progressively.

6.2 Climate Transition Risks

Transition risks arise from regulatory changes (carbon pricing, emission standards), technological shifts, and changing market preferences. The primary transmission channels for East Capital Group are:

- Regulatory compliance costs for East Capital Group itself, in particular evolving SFDR and EU Taxonomy obligations
- Portfolio company valuation impacts, particularly in energy-intensive sectors where East Capital Group maintains positions subject to defined engagement conditions
- Reclassification risk for SFDR fund categories if portfolio alignment cannot be demonstrated

Transition risks are managed through the sector exclusion policy (Pillar 1), ESG scorecard assessment of transition exposure (Pillar 3), and active ownership engagement with companies on decarbonisation strategies (Pillar 4).

> *Note on data availability for environmental risks — Scope 3 emissions data for portfolio companies remains incomplete, particularly in emerging markets. GHG data coverage is improving through direct engagement and use of third-party data providers. The Group uses available Scope 1 and 2 data as a starting point and is progressively expanding coverage. For entities outside East Capital Holding AB (LaSpa, Laulasmaa, Rytu Invest, Garna Stockholm), no environmental risk assessments have been completed for this reporting cycle.*

7. Social Risks

7.1 Social Risks in Investment Portfolios

Given East Capital Group's focus on emerging and frontier markets, social risks — including human rights, labour standards and community impacts — are a particularly relevant consideration. Portfolio companies are monitored on an ongoing basis through the controversy screening process (Pillar 2), based on the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Supply chain social risks, board diversity and human rights issues related to land use and deforestation are assessed through the proprietary ESG scorecard and form part of the active ownership agenda.

7.2 Social Risks at Firm Level

The key social risks at firm level are:

- Human capital risk: Investment performance is dependent on retaining skilled professionals. Managed through competitive remuneration, development programmes and succession planning.
- Client conduct risk: Managed through suitability assessment processes, transparent fee disclosure and the Principal Adverse Impact (PAI) statement.
- Anti-money laundering and anti-corruption: Zero Tolerance for Corruption Statement adopted at Board level. AML/KYC procedures applied across all client relationships with enhanced due diligence in high-risk jurisdictions.
- East Capital Group is a signatory of the UN Global Compact.

8. Governance Risks

8.1 Governance Risks in Investment Portfolios

Governance risks are a particular focus given East Capital Group's exposure to emerging markets, where minority investor rights may be less well protected and state-owned enterprises (SOEs) represent a significant portion of the investable universe. Key governance risk factors assessed through the ESG scorecard and active ownership activities include:

- Board independence, composition and related-party transactions
- SOE-specific risks around capital allocation discipline and minority shareholder treatment
- Anti-corruption — companies with unresolved corruption allegations are placed on a watch list

8.2 Governance at Firm Level

The Board of East Capital Financial Services AB is responsible for overseeing all principal policies and risk management processes, including ESG risk governance.

Remuneration policies are designed to avoid incentivising excessive risk-taking, in accordance with IFD requirements. ESG factors are considered in the assessment of variable remuneration for investment staff.

9. Integration with ICAAP

In accordance with paragraph 16 of the EBA Guidelines, the materiality assessment set out in Section 5 of this report forms part of East Capital Group's Internal Capital Adequacy Assessment Process (ICAAP). Material ESG risks — in particular business model, reputational and operational risks — are reflected in the ICAAP's assessment of internal capital needs.

Given the business model of the Group, ESG risks do not currently generate a separate capital add-on requirement. The primary risk management response is through the operational and compliance framework rather than additional capital allocation.

10. Transition Planning

In accordance with Section 6 of the EBA Guidelines and Article 76(2) of Directive 2013/36/EU, East Capital Group has developed a proportionate transition planning framework consistent with the proportionate approach appropriate to the Group's size and complexity. The key elements are as follows:

Element	Description
Strategic objective	To maintain and strengthen the integration of ESG risk management across all investment strategies and ensure East Capital Group's business model remains resilient to ESG-related regulatory, market and reputational changes over the short, medium and long term.
Short-term (1-2 years)	Extend ESG data collection and scoring to a broader universe of portfolio companies; improve Scope 3 emissions data coverage.
Medium-term (3-5 years)	Develop systematic forward-looking physical climate risk analysis; deepen portfolio alignment methodology for key sectors in emerging markets.
Long-term (5-10 years)	Maintain portfolio resilience against EU climate objectives (55% GHG reduction by 2030, net-zero by 2050) through engagement, exclusion and active ownership. Assess alignment with nature-related regulatory objectives as frameworks mature.
Governance	The Board oversees the implementation of transition planning. Progress is reviewed as part of the annual ESG Policy review cycle.
Engagement strategy	Active engagement with portfolio companies on transition strategies and climate governance, coordinated through Climate Action 100 and direct bilateral engagement. Counterparty assessment processes in place through ESG scorecard (Pillar 3) and active ownership activities (Pillar 4).

11. Data Limitations and Forward Commitments

The Group acknowledges the following material limitations in this report:

- Group coverage: ESG risk data and assessments are not yet available for Rytu Invest AB, Garna Stockholm Holding AB, LaSpa Group OÜ and Laulasmaa Invest OÜ.
- Emerging market data gaps: A significant proportion of portfolio companies are domiciled in markets where ESG disclosure standards are less developed. Proxies and estimates are used where company-level data is unavailable, in line with EBA Guidelines paragraph 27.
- Scope 3 emissions: Scope 3 emissions data remains incomplete for most portfolio companies. Expanding coverage is an identified priority.

- Forward-looking scenario analysis: Formal scenario-based climate risk analysis has not yet been implemented.

These gaps reflect the early stage of ESG risk data infrastructure in the markets where the Group operates, as well as the current the Group's size and complexity and proportionate approach applied.

Appendix: Regulatory References

Reference	Relevance
EBA/GL/2025/01	EBA Guidelines on the Management of ESG Risks — primary framework for this report
IFR (EU) 2019/2033, Article 53	Regulatory basis for ESG risks disclosure by investment firms
IFD (EU) 2019/2034, Article 35	Mandate for ESG risk report; physical and transition risk definitions
EBA/REP/2021/18	EBA Report on management and supervision of ESG risks — definitions used
SFDR (EU) 2019/2088	Sustainable Finance Disclosure Regulation — PAI reporting, fund classification
EBA GL/2025/01 — Proportionality	Proportionality provisions — basis for the proportionate approach applied in this report
UN PRI	Principles for Responsible Investment — signatory since 2012
UN Global Compact	Basis for controversy screening and norms-based analysis