SUMMARY OF STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

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EAST CAPITAL GROUP

WORKING FOR POSITIVE CHANGE
SINCE 1997

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant East Capital Asset Management (LEI:21380076GF79IHJFGS03) and East Capital Financial Services (LEI:549300FI05DYHTJ4QM91).

Summary

East Capital Asset Management (LEI:21380076GF79IHJFGS03) and East Capital Financial Services (LEI:549300FI05DYHTJ4QM91), consider principal adverse impacts of their investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of East Capital Asset Management (ECAM) and East Capital Financial Services (ECFS) hereinafter refered to as “East Capital Group”, “we”, “us”.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024. We consider the mandatory and two voluntary principal adverse impact indicators on entity level by analyzing principal adverse sustainability indicators on investee and on an aggregated portfolio level. The assessment of the principal adverse impacts on sustainability factors is further described in East Capital Group’s ESG policy. Principal adverse impact indicators are considered in the ESG integration process and may influence active ownership practices, including but not limited to, engagements, voting instructions in shareholders’ general meetings where applicable as described in East Capital Group’s ESG Policy (Active Ownership- Voting and Engagement section). It should be noted that despite significant improvements over the last few years, the quality and availability of reported data relating to principle adverse impacts remain limited and constrain our ability to undertake quantitative and qualitative analysis. This issue is exacerbated for smaller companies, companies located and/or operating outside of the European Union, and companies in emerging and frontier markets, which represent a significant part of our investments. We strive to bridge quantitative data gaps through direct (individual or collaborative) engagement with issuers, publicly advocating for enhanced and consistent disclosures, as well as using specialist data providers, and actively participating in industry initiatives. Comparing 2023 to 2024, we observe that increased data coverage has noticeably impacted some reported PAI indicators for 2024 while other PAI indicators still have not improved in terms of coverage. Therefore, we advise exercising caution when comparing the two years, as variations in data quality and coverage may play a substantial role in these differences. Another factor affecting this year’s reporting is the inclusion of our fixed income sub-fund, Espiria Nordic Corporate Bond. In previous years, it was excluded due to limited data coverage — only a small portion of its holdings had ESG data available. Since the sub-fund is relatively large compared to others, including it with only partial coverage would have given disproportionate weight to that limited data, potentially leading to a misleading and skewed overall result.

Description of the principal adverse impacts on sustainability factors

The mandatory indicators defined by the Sustainable Finance Disclosure Regulation (SFDR), outlined in Table 1, must be considered to ensure that adverse impact on key sustainability factors is taken into consideration. For each indicator, and subject to aforementioned limitations in data quality and availability, we have included a narrative to describe actions taken and action planned, and targets set for the next reference period to avoid and/or reduce principal adverse impacts, where applicable. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024. This information is reported on an annual basis by 30 June at the latest.

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Table 1 Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2024**	**Impact 2023**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1411,20 tCO2e	2424,82 tCO2e	Scope 1 includes greenhouse gas emissions that occur within the company's own operations, such as production in company-owned factories. These emissions are calculated using formula (1) as outlined in Appendix 1 The current data coverage rate is: 56,53% Data coverage 2024: 63,01% Data coverage 2023: 58,96%	In 2024, we upheld fossil fuel exclusions across all article 9 products and a defined subset of article 8 products, in line with our ambition to align our investments with the goals of the Paris Agreement. We monitored the carbon footprint of our portfolios through internal assessment tools and data from specialist third-party providers. Climate-related data was integrated into our proprietary tools and red flag analysis, helping us identify and assess holdings with material exposure to climate risks. We also intensified engagement with companies that are significant contributors to portfolio emissions, with a focus on those lacking
		Scope 2 GHG emissions	1622,74 tCO2e	1570,37 tCO2e	Scope 2 includes the company's indirect greenhouse gas emissions from the production of purchased electricity, steam, heat, and cooling consumed by the company. Refer to	

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					formula (1) for this indicator in Appendix 1. The current data coverage rate is: 56,23% Data coverage 2024: 62,97% Data coverage 2023: 58,96%	adequate emissions disclosure or decarbonization strategies. As part of our commitment to the Net Zero Asset Managers initiative (Espiria brand), we continued to report on our progress and advocate for improved emissions transparency. In 2024, we strengthened our internal processes for assessing and monitoring emissions data—particularly Scope 3—while continuing to support industry initiatives aimed at improving data consistency and availability. For the next reference period, our key objectives include improving the granularity and coverage of Scope 3 emissions data, continuing engagement with high-emitting companies to encourage the adoption of credible net zero targets, and increasing data quality to support more accurate portfolio-level carbon analysis.
		Scope 3 GHG emissions	28497,12 tCO2e	20446,01 tCO2e	Scope 3 includes all other indirect greenhouse gas emissions that occur in a company's value chain but are not owned or directly controlled by the company. This includes, for example, emissions from purchased materials or emissions from the use of the products the company sells. Therefore, Scope 3 is largely based on estimates. Calculations are done using formula (1) as outlined in Appendix 1. The current data coverage rate is: 52,53% Data coverage 2024: 62,24% Data coverage 2023: 59,13%	
		Total GHG emissions	31112,60 tCO2e	24151,75 tCO2e	Total emissions for Scope 1 + Scope 2 + Scope 3 The current data coverage rate is: 52,53% Data coverage 2024: 62,24% Data coverage 2023: 59,13%	

	2. Carbon footprint	Carbon footprint	382,13 tCO2e	310,05 tCO2e	Calculated using formula (2) as outlined in Appendix 1. The current data coverage rate is: 52,53% Data coverage 2024: 62,24% Data coverage 2023: 59,13%	
	3. GHG intensity of investee companies	GHG intensity of investee companies	826,06 tCO2e/mEUR	456,39 tCO2e/mEUR	Calculated using formula (3) as outlined in Appendix 1. The current data coverage rate is: 68,67% Data coverage 2024: 80% Data coverage 2023: 59,13%	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1,08%	1,2%	The current data coverage rate is: 77,07% Data coverage 2024: 78,5% Data coverage 2023: 73,97%	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	63,11% non-renewable energy consumption (1) 5,06% non-renewable energy production (2)	63,42% non-renewable energy consumption (1) 12,72% non-renewable energy production (2)	The current data coverage rate is 47,02% (1) The current data coverage rate is 25,66% (2) Data coverage 2024: 41,42% (1) Data coverage 2024: 19,8% (2)	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Sector A (Agriculture, Forestry, and Fishing): 0	Sector A (Agriculture, Forestry, and Fishing): 10.43	The current data coverage rate is 0%	

			Sector B (Mining and Quarrying): 0,76 Sector C (Manufacturing): 0,32 Sector D (Electricity, Gas, Steam, and Air Conditioning Supply): 0,32 Sector E (Sewerage, Waste Management, and Remediation Activities):no data Sector F (Construction): 0,27 Sector G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles): 0,06 Sector H (Transportation and Storage): 1,10 Sector L (Real Estate Activities): 0.39	Sector B (Mining and Quarrying): 1.00 Sector C (Manufacturing): 20.88 Sector D (Electricity, Gas, Steam, and Air Conditioning Supply): 0.63 Sector E (Sewerage, Waste Management, and Remediation Activities): no data Sector F (Construction): 0.08 Sector G (Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles): 0.08 Sector H (Transportation and Storage): 1.74 Sector L (Real Estate Activities): 0.28	The current data coverage rate is 1,04% The current data coverage rate is 25,50% The current data coverage rate is 1,04% The current data coverage rate is 0% The current data coverage rate is 0,29% The current data coverage rate is 1,90% The current data coverage rate is 0,91%	

					The current data coverage rate is 2,14%	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1,48%	1,89%	Data is estimated based on whether the company has reported having operations in or near biologically sensitive areas and has been involved in controversies with serious or very serious environmental consequences. The current data coverage rate is: 77,24% Data coverage 2024: 78,05% Data coverage 2023: 74,19%	Just as portfolio diversification reduces financial risk, biodiversity safeguards the resilience of natural systems that underpin long-term economic stability. As responsible long-term investors, we aim to contribute to halting and reversing biodiversity loss. In 2024, we continued to integrate biodiversity-related considerations into our investment and stewardship processes under our nature framework, which consists of three key pillars: i) incorporating biodiversity risks into investment analysis, including sector exclusions and negative screening; ii) advancing targeted stewardship activities with companies in high-impact sectors or geographies; and iii) engaging with external stakeholders such as policymakers, NGOs, and standard-setters to promote stronger disclosure and accountability.

						Our current exposure to companies with operations in or near biodiversity-sensitive areas remains low and stable compared to the previous reporting period. We believe this reflects our conscious allocation strategy—favoring companies with no links to deforestation and supporting those that have adopted credible deforestation policies. In 2024, we classified holdings by deforestation risk (high, medium, low) and initiated engagements with selected companies to assess their mitigation strategies. For the next reference period, we will expand engagement with companies flagged for high biodiversity or deforestation-related risk and promote adoption of time-bound, science-informed nature policies. We also plan to align our evolving nature strategy with emerging market practices and frameworks, including TNFD developments, and further strengthen portfolio-level tracking of nature-related impacts. We have during the year conducted capacity-building

						activities internally for upcoming TNFD reporting.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,01 t/mEUR	1,92 t/mEUR	The current data coverage rate is: 0,48% We note an extremly low data availability as previous year. The main negative consequence is therefore difficult to assess. Data coverage 2024: 4,58% Data coverage 2023: 11,34%	In 2024, we continued to assess water-related risks and opportunities through our proprietary ESG integration tools, as well as via the Do No Significant Harm (DNSH) test implemented across East Capital Group. Recognizing the increasing importance of water security in investment decision-making, particularly in high-impact sectors and water-stressed regions, we reinforced our focus on water-related indicators and integrated available disclosures into company assessments. We actively supported CDP-led initiatives to advance corporate transparency on water. This included signing the CDP letter to governments ahead of the UN Water Conference 2024, advocating for ambitious and coordinated policy action to ensure global water security by 2030. We also contributed to the CDP Capital Markets consultation on enhancing forests and water security disclosure frameworks and participated in the CDP non-disclosure campaign, encouraging non-reporting

						companies to respond to the water questionnaire. Looking ahead, we plan to strengthen our engagement with companies in water-intensive sectors to improve transparency and risk management related to water use, efficiency, and pollution. As part of our broader nature strategy, we are also preparing for alignment with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). We aim to conduct internal assessments during 2025 and publish our first TNFD-aligned disclosure in 2026, which will include material topics such as water impacts and dependencies.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,86 t/mEUR	1,07 t/mEUR	The current data coverage rate is: 55,89% Data coverage 2024: 59,24% Data coverage 2023: 30,88%	Risks and opportunities related to waste are assessed in proprietary ESG integration tools across East Capital Group and also as an integrated part of the Do No Significant Harm test.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,14%	0%	The current data coverage rate is: 77,24% Data coverage 2024: 78,05% Data coverage 2023: 74,19%	As part of the controversy (norms-based) screening, companies are assessed in terms of compliance with international norms, standards and underlying conventions. The controversy screening is intended to capture severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. The assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and their underlying conventions. Our article 9 strategies and selected article 8 strategies cannot hold companies in breach of international norms, standards and underlying conventions. A dialogue is initiated with the investee company in cases where there are solid grounds for arguing potential violations.
	11. Lack of processes and compliance mechanisms	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or	44,83%	49,66%	The current data coverage rate is: 72,24% Data coverage 2024: 75,65% Data coverage 2023: 42,32%	As part of the controversy (norms-based) screening, companies are assessed in terms of compliance with international norms, standards

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	to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				and underlying conventions. The controversy (norms-based) screening is intended to capture severe, systemic and structural violations of international norms as enshrined by the UN Global Compact Principles. The assessments are underpinned by references to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, and their underlying conventions.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	17,89%	16,79%	The current data coverage rate is: 1,07% Data coverage 2024: 0,85% Data coverage 2023: 0,99%	Social issues at large are addressed in our proprietary analysis, including the gender pay gap when available. However, due to the current extremely low portfolio coverage, it is challenging to analyze these issues comprehensively. This difficulty is primarily because most companies do not disclose gender pay gap information, resulting in very low coverage. An engagement may be initiated with issuers should there be strong evidence and rationale in the analysis to do so.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a	31,14%	27,68%	The current data coverage rate is: 76,31% Data coverage 2024: 81,52%	Board gender diversity of investee companies is addressed in our proprietary ESG analysis. An engagement

		percentage of all board members			Data coverage 2023: 75,77%	may be initiated with issuers should there be strong evidence and rationale in the analysis to do so. We vote against board candidates to companies where the gender diversity is too low, usually below 30%.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	The current data coverage rate is: 100% Data coverage 2024: 100 % Data coverage 2023: 74,19%	No investment shall be made in any company known to have exposure to controversial weapons (anti-personell mines, cluster munitions, chemical weapons and biological weapons) across all sub-funds within our group. Upon new investment, the investment teams shall ensure that the new holding is compliant with the exclusion criteria for the portfolio to which the new holding is added. Portfolios are quarterly reviewed to re-confirm compliance with the exclusion criteria.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact 2024**	**Impact 2023**	**Explanation**	**Actions taken, and actions planned and targets set**

						for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	No data	No data	N/A	Our exposure to sovereigns and supranationals is minimal. We will improve our reporting ability in case the exposure would become significant.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	No data	No data	N/A	Our exposure to sovereigns and supranationals is minimal. We will improve our reporting ability in case the exposure would become significant.
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		**Metric**	**Impact 2024**	**Impact 2023**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**

Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	0%	East Capital Real Estate is screening the tenants in the holding properties according to the their economic activity. Despite fossil fuels not being a strict exclusion for investing into an asset, it is not a preferred sector of tenant activity and considered when making an investment deciston Data coverage: 100% for both 2024 and 2023	Tenants are screened according to their economic activity. We tend to avoid properties with tenants involved in activities deriving revenues from fossil fuels.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	27%	27%	Share of investments in energy-inefficient real estate assets is calculated as per formula (5) that means only real estate assets with EPC of A or B are considered as energy efficient and real estate assets with EPC of C or below are considered as energy in-efficient Real estate assets not required to abide by EPC and NZEB rules and not having an energy performance certificate as of the reporting date are excluded from the calculation. Data coverage: 100% for both 2024 and 2023	East Capital Real Estate maps and regularly reviews the sustainability profile and energy efficiency of its property portfolio, including the Energy Performance Certificate coverage and levels. This is done by using the proprietary ESG scorecard as the main tool. Minimum energy performance levels are set to new acquisitions. In the existing portfolio, focus is turned to properties with lower energy efficiency, and investments are planned to increase it and recalculate the energy label. East Capital Real Estate has set to certify the portfolio (excluding for properties in divestment phase) with sustainability assessments such as BREEAM or LEED, which also contributes to

						reviewing and improving energy profile of the real estate assets.

Other indicators for principal adverse impacts on sustainability factors

In addition to the mandatory indicators presented in Table 1, we consider two additional indicators, one environmental and one social, presented in Table 2 and 3.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indciators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Water, waste and material emissions	15. Deforestation	Share of investments in companies without a policy to address deforestation	65,42%	63,86%	The current data coverage rate is: 72,24%	We recognize that forests are among the most biodiverse ecosystems and play a vital role in climate regulation and resilience. Addressing deforestation is critical to achieving global net zero goals, as forest loss and land-use change remain among the largest sources of greenhouse gas emissions. Integrating

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					Data coverage 2024: 75,47% Data coverage 2023: 63,68%	deforestation-related risks is therefore central to our investment and stewardship processes, as the financial system cannot be insulated from the systemic risks associated with deforestation. East Capital Group is a signatory to the Financial Sector Deforestation Action (FSDA) and a participant in the Investor Policy Dialogue on Deforestation (IPDD), which we joined in 2022. In 2023, we introduced the End Deforestation Action (EDA) initiative to strengthen internal coordination and promote active ownership on deforestation topics. We also participate annually in the CDP non-disclosure campaign, encouraging issuers to report forest-related data. In 2024, we repeated our internal classification of portfolio holdings by deforestation risk, assessing companies across high, medium, and low categories based on their sector and geographic exposure. This categorization supported ongoing and new engagement efforts with companies exposed to high deforestation risk, aimed at understanding how they address and mitigate these risks. Engagements prioritized holdings with significant financial exposure or where we believe we have leverage to influence change. Looking ahead, we plan to expand engagement coverage to additional companies with high or medium deforestation risk, monitor progress made by previously engaged issuers, and refine our internal tracking tools. These efforts are part of a broader alignment with evolving nature-related reporting expectations, including our first TNFD-aligned

						disclosure planned in 2026, which will cover deforestation as a central thematic issue.

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**	**Impact 2024**	**Impact 2023**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Indicators applicable to investments in investee companies						
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	10,18%	14,90%	The current data coverage rate is: 74,31% Data coverage 2024: 74,4%	Social issues are included in the analysis through our proprietary tools. Although we do not directly address the lack of a human rights policy in investee companies, we evaluate related factors, such as adherence to the UN Global Compact principles. An engagement with issuers may be initated should

					Data coverage 2023: 64,77%	there be strong evidence and rationale in the analysis to do so.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Selection of indicators

East Capital Group's ESG policy highlights what ESG areas we as owners deem to be crucial to identify and prioritize when considering principal adverse impacts on sustainability factors. Environmental factors include but are not limited to physical and transition risks, water and resource scarcity and biodiversity loss. Social factors include but are not limited to labor practices, human rights and health & safety. Business practices include, among others, good corporate governance in respect to management structures, employee relations and tax compliance.

PAI assessment

We have adopted different measures to ensure that principal adverse impacts are taken into account and mitigated throughout each step of our investment process, referred to in East Capital Group's ESG policy. Measures such as negative screening, norms-based screening, ESG integration and active ownership practices tend to help mitigate principal adverse impacts. Avoiding certain investments based on sectors, and violations of recognized international norms, standards and underlying conventions, contributes to identifying and avoiding multiple principal adverse impacts.

Indicators for adverse impacts are included in our norms-based screening, in our Red Flag Analysis, and in our ESG proprietary analysis. The Red Flag analysis which is conducted pre-investment, consists of a set of questions which we deem to be crucial to consider for ensuring that investments do not cause significant harm. The questions are related to corporate governance, ethics, and corruption, and cover international norms and standards, as well as severe and/or systematic environmental or social controversies. One question specifically addresses the Principal Adverse Impact (PAI) indicators, which are outlined in Annex I of Regulation (EU) 2019/2088. In order to assess PAI indicators, the investment teams use information – when available – from issuers and from external data providers that compare the PAI indicators for each company with a range of peer companies. These in-house assessments are primarily done by analysts and portfolio managers and may also be discussed and/or verified with our ESG function to ensure that PAI indicators are adequately considered. The key adverse indicators for the portfolio holdings are periodically reviewed, and any potential outliers will be identified and discussed. Given our market context, not all principal adverse impact indicators are available for each company, though we make best efforts in order to ensure there are no unacceptably high risks of causing significant harm. Our active ownership practices such as proxy voting and individual or collaborative company engagement may mitigate principal adverse indicators of our portfolio holdings. Outliers on indicator level with no sign of improvement over time may trigger a decision to divest and to make our ESG strategy more stringent in terms of criteria for sector exclusions, norms-based screening, and our active ownership practices.

Methodologies and margin of error

Primarily, we rely on the data from third party service providers. Reported data by investee companies may also be considered when available. The methodology to identify principal adverse indicators is subject to data availability and quality. However, we expect data availability and quality to improve over time.

Governance of policies

Responsible for design and implementation of the ESG policy is East Capital Group's Chief Sustainability Officer. Responsible for monitoring of implementation is the CEO of East Capital Holding, the holding company of East Capital Group. The Board of Directors of East Capital Holding is responsible for the annual review of the ESG group policy. The policy is subject to yearly approval and is published on our websites.

Data sources

We obtain PAI data primarily from external data sources. The data is used to analyze an investee company's absolute exposure and relative to its peers. Additional data sources may be used subject to data quality and availability.

Engagement policies

East Capital Group includes several investment managers, with a common set of ESG frameworks and practices that define our role as owners. We are long-term, we see beyond the short-term gain and look for long-term investment value. We are active, and believe that dialogue with companies helps us make better-informed investment decisions, hence we strive to constructively engage on issues that are important to us as owners. We are responsible: our research process addresses and integrates investment risks and opportunities associated with relevant and material environmental, social, and corporate governance factors. We consider good corporate governance as well as environmentally and socially responsible behavior as essential in managing a company with the aim of maximizing long-term shareholder value.

When we have identified relevant areas of improvement on specific ESG issues or if we believe that a portfolio company has not met our expectations as owners, we will evaluate if it is suitable for us as investors to initiate an engagement process where we seek to encourage and influence the company to make necessary improvements. Such expectations may include, but is not limited to principal adverse impact of our holdings. We aim to be constructive and supportive in our dialogue with the companies. Our experience has shown that engaging with the company, either directly or collectively with other owners, usually generates greater positive effects as opposed to immediately exiting our investment. If the company does not respond in an adequate manner or undertake the necessary changes, however, we may ultimately decide to divest our holding in the company.

We strive to maintain active relationships with relevant stakeholders such as market institutions, stock exchanges, NGOs, governmental and public bodies that may be helpful for keeping up to date with local legislation and market practice for improving the institutional framework. Engagement with stakeholders are logged and documented to quarterly investment committee and board meetings, and in annual reporting. We also support different forums and initiatives for promotion of good market practice, corporate governance, other responsible practices and other relevant topics that may be in the joint interest of our investors.

We apply a range of methods to address ESG issues in our portfolio companies:

- Face-to-face discussions with managements and boards in company visits
- Letters addressed to the management of our portfolio companies, highlighting key issues of concern including explicit requests for additional information
- Annual "CIO to CEO Letter" to portfolio holdings and "Letter from your new shareholder" upon addition to East Capital portfolios
- Nomination or endorsement of independent board members
- Voting in shareholders' meetings
- Dialogue with companies in conjunction with shareholders' meetings including Shareholders statements
- Collaboration with other shareholders and investor-led initiatives
- Dialogue with governments, stock exchanges and financial surveillance authorities to advocate improvements in the institutional framework with the purpose of promoting more well-functioning and transparent capital markets
- Providing our clients with various forums for interaction with local portfolio companies

Please, refer to East Capital Group's ESG Policy for more information on our engagement policy.

References to international standards

We deem it to be crucial for investee companies to comply with commonly accepted international norms and standards and underlying conventions. International norms and standards include, but is not limited to:

- UN Global Compact Principles
- OECD Guidelines for Multinational Enterprises Chapters

- UN Guiding principles on Business and Human Rights
- United Nations instruments
- International Labor Organization
- Other relevant instruments

One of the group's investment managers, Espiria, has committed to the Net Zero Asset Managers Initiative (NZAM). NZAM initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. Through this commitment, the Investment Manager sets portfolio decarbonization targets by which there is a target to achieve a 50% reduction in weighted average carbon intensity by 2030.

Historical comparison

Comparing 2023 and 2024 PAI Indicators

Several factors contribute to observed differences in PAI indicators between 2023 and 2024. While underlying portfolios remained largely consistent, updated methodologies, evolving issuer disclosures, and a broadened fund scope all shaped the reporting outcomes.

Data Coverage and Quality:

In 2024, the overall data coverage rate for many indicators appears lower compared to previous years. For example:

Scope 1 GHG emissions coverage:

2022 data (reported in 2023): 58.96%

2023 data (reported in 2024): 63.01%

2024 data (reported in 2025): 56.53%

This decline does not indicate reduced transparency among companies, but rather reflects a stricter methodological approach to data validation and inclusion, as well as the addition of the Espiria Nordic Corporate Bond Fund, where fixed income securities typically have lower data coverage compared to equities. Only high-confidence data sourced through improved providers and verified estimates were considered, which led to the exclusion of lower-quality inputs. This approach has elevated the robustness of reported metrics, even as headline coverage percentages have declined.

Sustainability Transparency:

Increased regulatory pressure, investor expectations, and market initiatives have led to continued improvements in sustainability reporting among companies. This includes greater granularity of climate-related disclosures and broader uptake of policies addressing deforestation, biodiversity, and human rights. East Capital Group continues to use its ESG analysis tools and stewardship strategies to promote such transparency. In 2024, we also participated in the CDP non-disclosure campaign, encouraging select companies to disclose environmental data—particularly relating to forests and nature—and to increase their awareness of the risks and dependencies associated with deforestation and biodiversity loss.

Portfolio Management:

There were no major structural shifts to the existing portfolios during the reference period. However, a significant change in 2024 was the inclusion of the Espiria Nordic Corporate Bond Fund in the entity-level PAI assessment. This expanded the coverage of fixed income holdings and introduced new issuer profiles into the analysis. As bond issuers often differ from equities in disclosure practices — especially for Scope 3 emissions and social data—this addition has influenced the results and comparability of certain PAI indicators.

Corrected Data Points

No retrospective corrections were made to prior-year data in this reporting cycle. Instead, refinements were focused on improved coverage assessment, standardization of data sources, and ensuring consistent application of methodological rules across all portfolios. The changes seen in this year's statement are the result of forward-looking improvements rather than backdated data adjustments.

Real Estate

After the significant improvement / reduction of the share of energy inefficient properties due to improvements in properties in the previous year there were no changes in 2024. This is explained by a more static portfolio composition and no major energy improvement projects in the now smaller inefficient portion of the portfolio. East Capital Real Estate follows a plan for property improvements and we expect that the share of properties considered inefficient will continue to decrease over the coming years.

Summary

Although some headline coverage metrics declined in this year's report, this is the result of a more conservative and methodologically robust approach to data inclusion, not of diminished transparency. The addition of the Espiria Nordic Corporate Bond Fund, ongoing real estate improvements, and increased engagement targeting sustainability gaps have contributed to a more representative and resilient picture of sustainability risks and impacts across the East Capital Group. This demonstrates our continued commitment to improving data quality, portfolio alignment, and responsible asset management.

APPENDIX 1

In this statement, the following formulas, among others, apply:

1. Greenhouse gas emissions are calculated using the following formula:

$$\sum \left(\frac{\text{current value of the investment object}}{\text{enterprise value of the investment obje}} \right) \times$$
$$\text{Scope}(x)\ \text{greenhouse gas emissions of the invetmestment object}$$

2. Carbon footprint is calculated using the following formula:

$$\sum \left(\frac{\text{current value of the investment object}}{\text{enterprise value of the investment obje}} \right) \times$$
$$\text{Scope 1, 2, and 3 greenhouse gas emissions of the investment object}$$

3. Greenhouse gas intensity of investment objects is calculated using the following formula:

$$\sum \left(\frac{\text{current value of the investment object}}{\text{current value of all investments (mill.e)}} \right) \times$$
$$\text{Scope 1, 2, and 3 greenhouse gas emissions of the investment object}$$

4. Greenhouse gas intensity of states is calculated using the following formula:

$$\sum \left(\frac{\text{current value of all investments (million euro}}{\text{gross domestic product (GDP) of the state}} \right) \times$$
$$\text{Scope 1, 2, and 3 greenhouse gas emissions of the investment object}$$

5. Value of real estate assets related to EPC and NZEB rules is calculated using the following formula:

$$\frac{\textit{Value of real estate assetss built before 31/12/2020 with EPC of or belaw)}}{\textit{Value of real estate assets built ofter 31/12/2020 with PED below NZZEB (n0}}$$
$$\textit{Value of real estate assets required to}$$
$$\textit{obide by EPC and NZEB rules}$$

Definitions:

Data Coverage Rate:

What is Data Coverage Rate?

The data coverage rate refers to the proportion of data that is available and used for reporting compared to the total data that ideally should be reported. It is a measure of how complete and comprehensive the data is for a given set of indicators.

What Should Data Coverage Rate Include?

1. *Reported Data:* This includes all the data directly reported by the companies or entities being assessed. This data is usually considered the most reliable as it comes straight from the source.

2. *Estimated Data:* When reported data is not available, estimates can be used to fill the gaps. These estimates can be based on industry averages, historical data, or other relevant methodologies to provide an approximation of the missing data.

3. *Sources of Data:* It should be clear whether the data comes from direct reporting by the companies, third-party data providers, or is estimated.

4. *Percentage of Coverage:* The report should indicate the percentage of data that is covered by reported data versus estimated data. This helps in understanding the reliability and accuracy of the data presented.