

COMMISSION DELEGATED REGULATION (EU) 2022/1288: ANNEX 1

Table 1

Notice on the principal adverse impacts of investment decisions on sustainability factors  
27.6.2025

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**Financial market participant** UB Fund Management Company Ltd LEI: 743700GSPJMVLETJGU04

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**Summary**

UB Fund Management Company Ltd (LEI: 743700GSPJMVLETJGU04) takes into account the principal adverse impacts of its investment decisions on sustainability factors. This notification is the declaration of the principal adverse impacts on sustainability factors by UB Fund Management Company Ltd, a member of the United Bankers group.

This notification of the principal adverse impacts on sustainability factors covers the reference period from 1.1.2024 to 31.12.2024.

Principal adverse impacts (PAI) on sustainability factors refer to the negative effects that an investment decision or investment advice may directly or indirectly have on the environment, society, or social factors (EU Disclosure Regulation SFDR, 2019/2088). UB Fund Management Company Ltd recognizes that its business activities and investments can have both positive and negative impacts on the environment and society. This document outlines the principles and methods used by UB Fund Management Company Ltd to consider the principal adverse impacts, as well as the principal adverse impacts of investments realized during 2024. Additionally, the notification includes benchmarks from the previous reporting period, a description of any changes between the comparison periods, and planned measures. The notification covers UB Fund Management Company's funds under SFDR Article 9 and Article 8. This notification is updated annually.

The assessment of the principal adverse impacts of investments is part of UB Fund Management Company's responsible investment processes, which are described in United Bankers' Principles of Responsible Investment (<https://unitedbankers.fi/api/content/document/vastuullisen-sijoittamisen-periaatteet?lang=en>). These are complemented by United Bankers' Principles for Identifying and Considering Principal Adverse Impacts of Investments ([ub-pai-statement en created-28-02-2023 updated-2025.pdf](#)), which were approved on 28.2.2023 and last updated on 28.04.2025.

The reference period 2024 is the third time that information on the principal adverse impacts of investments on sustainability factors has been monitored using PAI indicators. Based on the results of 2024, it is possible to compare the development of impacts with the previous reporting period. The development in 2024 was mainly positive compared to the previous reporting period, and several indicators describing principal adverse impacts showed positive development. The most significant factor for the potential negative development of the indicators was the significant improvement in data coverage during the reporting period concerning Scope 3 greenhouse gas emissions. Based on the available data, the Scope 1 greenhouse gas emissions of the investment targets decreased by approximately 13% compared to the previous reporting period. Scope 3 greenhouse gas emissions increased by approximately 31%, mainly due to improved data coverage. However, the greenhouse gas intensity of the companies being invested in decreased slightly. Sufficient data coverage is a prerequisite for reducing the impacts of investments and successfully targeting potential engagement actions. We hope that data coverage will remain at least at the current reasonably good level in the future.

UB Fund Management Company aims to further reduce the principal adverse impacts of its investments on sustainability factors. As part of United Bankers' climate roadmap actions and the climate target setting in line with the SBTi climate initiative, threshold values and targets will also be set for PAI indicators in the future. United Bankers is set to establish its SBTi-aligned climate targets by the end of 2025. This way, United Bankers aims to ensure that the company's operations are in line with the goals of the Paris Agreement and contribute to achieving long-term Net Zero targets by 2040–2050. Once the SBTi-aligned climate targets are set, target values and/or thresholds for climate-related PAI indicators will be defined during 2026. As part of this work, measures will also be defined for exceeding threshold or target values, and these will be incorporated into the ownership policies of the funds managed by UB Fund Management Company. Before this detailed target setting, the general goal is to reduce the greenhouse gas emissions of investments in the long term, and this is expected to be reflected in emission reductions between comparison years.

Detailed information on the development of the indicators in 2024 and related observations are described in the tables below. The reported information is based on ESG databases from Sustainalytics and Morningstar, as well as data collected annually directly from investment targets in real estate and forestry funds and PE funds. The data coverage of reporting is expected to continue to improve in the future as the coverage of the used databases improves. In addition to this notification, the principal adverse impacts on sustainability factors are regularly reported in product-specific ESG reports, such as quarterly ESG reports of funds and periodic reviews.

#### Description of the principal adverse impacts on sustainability factors

##### Indicators applicable to investments in investee companies

Principal Adverse Impact indicator		Indicator	Impact 2024	Impact 2023	Explanation	Actions taken and planned measures and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENTAL INDICATORS						
Greenhouse gas emissions	1. Greenhouse gas emissions	Scope 1 - Greenhouse gas emissions	18 206	21 076	Scope 1 greenhouse gas emissions decreased during the reporting period.	UB Fund Management Company aims to increase the positive impacts of its investments on the environment and society in the long term and reduce their negative impacts. United Bankers' climate targets were compiled and published in 2023. United Bankers invests in low-carbon and carbon-sequestering solutions and aims to increase the carbon sequestration of investments so that it exceeds the greenhouse gas emissions of investments by 2030. United Bankers is committed to setting science-based climate targets by 2025.
		Scope 2 - Greenhouse gas emissions	9 365	8 755	Scope 2 greenhouse gas emissions increased during the reporting period.	
		Scope 3 - Greenhouse gas emissions	197 269	149 722	Scope 3 greenhouse gas emissions increased during the reporting period. The increase in Scope 3 emissions was mainly due to improved data coverage regarding Scope 3 emissions.	

		Total greenhouse gas emissions	223 778	179 552	Total greenhouse gas emissions increased during the reporting period.	<p>This way, United Bankers aims to ensure that the company's operations are in line with the goals of the Paris Agreement and contribute to achieving long-term Net Zero targets by 2040–2050. United Bankers pays special attention to the development of greenhouse gas intensity. Climate-related indicators will continue to be developed and monitored in future reporting periods. Once the science-based climate targets are set, target values and/or thresholds for climate-related PAI indicators will be defined during 2026. As part of this work, measures will also be defined for exceeding threshold or target values. Before this detailed target setting, the general goal is to reduce the greenhouse gas emissions of investments in the long term, and this is expected to be reflected in emission reductions between comparison years.</p>
	2. Carbon footprint	Carbon footprint	7 363	6 333	The carbon footprint increased slightly during the reporting period.	
	3. Greenhouse gas intensity of investee companies	Greenhouse gas intensity of investee companies	769	887	Greenhouse gas intensity decreased slightly from 2023.	
	4. Responsibility of companies operating in the fossil fuel sector	Share of investments in fossil fuel companies	3,7 %	4,1 %	The share of investments in companies operating in the fossil fuel sector decreased slightly in 2024.	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies compared to renewables, expressed as a percentage of total energy sources	Consumption: 55,9 Production: 11,8 %	Consumption: 54,9 Production: 9,4 %	The share of non-renewable energy consumption and production increased slightly during the reporting period.	
	6. Energy consumption intensity per sector with a significant climate impact	Energy consumption in gigawatt-hours per million euro generated by investee companies per sector with a significant climate impact	NACE A: 2,1 NACE B: 0,9 NACE C: 1,0 NACE D: 2,2 NACE E: 0,7	NACE A: 5,0 NACE B: 0,7 NACE C: 0,8 NACE D: 2,4 NACE E: 0,6	Energy consumption intensity in significant sectors decreased (A, D, H, and L), remained the same (F and G), or increased (B, C, and E) compared to the previous reporting period.	

			NACE F: 0,1  NACE G: 0,1  NACE H: 0,9  NACE L: 0,5	NACE F: 0,1  NACE G: 0,1  NACE H: 1,6  NACE L: 0,7		
Biodiversity	7. Activities adversely affecting biodiversity sensitive areas	Share of investments in investee companies with establishments or activities in or near biodiversity sensitive areas where the activities of these investee companies have a negative impact on these areas	1,5 %	1,7 %	The value of the indicator describing activities adversely affecting biodiversity-sensitive areas decreased slightly during the reporting period, partly due to increased data coverage for individual products.	The monitoring of impacts on biodiversity and data coverage is expected to continue to develop in the coming years, which will also be reflected in the reported indicators. The impacts UB Fund Management Company's forestry funds on biodiversity are reported in fund-specific reports, as this PAI indicator only concerns the impacts of investee companies, not forestry properties.
Water	8. Emissions to water	Emissions to water from investee companies in tonnes per million euro invested, expressed as a weighted average	0,0	1,3	Emissions to water decreased in 2024 compared to 2023.	UB Fund Management Company Ltd monitors the potential adverse impacts and emissions to water by investee companies. This PAI indicator only concerns the impacts of investee companies, not forestry properties, which are monitored and prevented, for example, within the framework of FSC certification.
Waste	9. Amount of hazardous and radioactive waste	Tonnes of hazardous waste and radioactive waste produced by investee companies per million euro invested, expressed as a weighted average	1,1	1,1	The amount of hazardous and radioactive waste did not change in 2024.	UB Fund Management Company Ltd monitors the amount of hazardous and radioactive waste produced by investee companies.

INDICATORS RELATED TO SOCIETY AND EMPLOYEES, RESPECT FOR HUMAN RIGHTS, AND PREVENTION OF CORRUPTION AND BRIBERY						
Indicators related to society and employees	10. Violations of the UN Global Compact principles and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in breaches of the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises	0,0 %	0,0 %	The value of the indicator remained at the same level as the previous reporting period. Products that primarily invest in indices may include individual companies through index investments that have reported violations of the UNGC principles or the OECD guidelines during the reporting period. Such potential violations are monitored, but it is difficult for the fund itself to influence them.	UB Fund Management Company Ltd requires good governance and has excluded companies that violate the UN Global Compact principles from its investments. More information can be found in United Bankers' Responsible Investment Principles. For United Bankers products that primarily invest in, for example, index futures, United Bankers monitors potential violations in index companies. United Bankers' ability to influence these companies is limited. If necessary, United Bankers may decide to exclude investments whose principal adverse impacts are considered significant and where the violation is not expected to be resolved within a reasonable time.
	11. Lack of processes and mechanisms for monitoring compliance with the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that do not have policies in place to monitor compliance with the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises, or grievance or complaint handling systems to address breaches of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises	42,4 %	43,9 %	The indicator describing the lack of processes and mechanisms for monitoring compliance with the UN Global Compact principles or the OECD guidelines decreased in 2024.	UB Fund Management Company Ltd requires good governance and has excluded companies that violate the UN Global Compact principles from its investments. More information can be found in United Bankers' Responsible Investment Principles. United Bankers aims to monitor more closely the lack of processes and mechanisms for monitoring compliance with the UN Global Compact principles or the OECD guidelines based on available data and information.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap in investee companies	16,1 %	22,2 %	The unadjusted gender pay gap narrowed significantly compared to the previous reporting period.	UB Fund Management Company Ltd monitors the development of the unadjusted gender pay gap in investee companies.

	13. Gender diversity in the board of directors	Average proportion of female board members in relation to male members in investee companies, expressed as a percentage of all board members	28,7 %	32,4 %	Gender diversity in the board of directors decreased compared to the previous reporting period.	UB Fund Management Company Ltd monitors gender diversity in the boards of investee companies.
	14. Exposure to the risk associated with contested weapons (anti-personnel mines, daughter munitions, chemical and biological weapons)	Share of investments in investee companies involved in the manufacture or sale of controversial weapons	0,0 %	0,0 %	Exposure to controversial weapons remained at the same level as the previous reporting period.	UB Fund Management Company Ltd has excluded controversial weapons from its investments. In 2023, United Bankers allowed investments in the defense industry, but this does not apply to controversial weapons. More information can be found in United Bankers' Responsible Investment Principles.

**Indicators applicable to investments in sovereigns and supranational organizations**

Principal Adverse Impact indicator		Indicator	Impact 2024	Impact 2023	Explanation	Actions taken and planned measures and targets set for the next reference period
Environment	15. Greenhouse gas intensity	Greenhouse gas intensity of investee countries	N/A	N/A	The used ESG database does not yet contain information on PAI indicators for states and supranational organizations	The metric will be reported as data coverage improves in the used ESG database
Social	16. Investee countries that have committed breaches of social legislation	Number of investee countries (absolute number and relative number divided by all investee countries) that have committed violations of social legislation as defined in international conventions and agreements, united nations principles, or, where applicable, national legislation	N/A	N/A	The used ESG database does not yet contain information on PAI indicators for states and supranational organizations	The metric will be reported as data coverage improves in the used ESG database

**Indicators applicable to investments in real estate assets**

Principal Adverse Impact indicator		Indicator	Impact 2024	Impact 2023	Explanation	Actions taken and planned measures and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuel-related risk through real estate assets	Share of investments in real estate assets related to the capture, storage, transport or production of fossil fuels	4,0 %	4,1 %	Exposure to fossil fuel-related risk decreased slightly compared to the previous reporting period.	UB Fund Management Company Ltd monitors the exposure of real estate assets to fossil fuel-related risk and aims to keep these risks at a low level. New investments in real estate assets exposed to fossil fuel-related risks are to be avoided.

Energy efficiency	18. Exposure to the risk associated with energy inefficient real estate assets	Share of investments in energy-inefficient real estate assets	43,5 %	53,8 %	The share of investments in energy-inefficient real estate assets decreased in 2024 compared to the previous reporting period. In 2024, the data coverage collected by real estate funds improved significantly compared to the previous reporting period. Additionally, real estate funds made changes and repairs in their portfolios to improve the energy efficiency of properties.	Real estate funds aim to continuously improve the energy efficiency of properties in line with their goals. The greatest potential for climate impact improvements and energy savings is in properties with initially low energy efficiency. This work will continue in future reporting periods. United Bankers aims to further improve the coverage of energy efficiency data in future reporting periods.
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#### Indicators of other Principal Adverse Impacts on sustainability factors

In addition to the indicators described above, United Bankers also considered the following indicators:

*Table 2*

#### Additional indicators related to climate and the environment

Principal Adverse Impact indicator		Indicator	Impact 2024	Impact 2023	Explanation	Actions taken and planned measures and targets set for the next reference period
Emissions	4. Investments in companies without initiatives to reduce carbon emissions	Share of investments in investee companies without initiatives to reduce carbon emissions in compliance with the Paris Agreement	24,4 %	30,5 %	The share of investments in companies without initiatives to reduce carbon emissions decreased during the reporting period.	UB Fund Management Company Ltd aims to promote credible initiatives and measures to reduce carbon emissions and compliance with the Paris Agreement in its investee companies. In 2024, United Bankers' engagement actions, such as voting in favor of climate targets at general meetings according to the principles of the ISS International Sustainability Voting Policy, and the Carbon Disclosure Project's SBTi campaign,



						aimed to encourage investee companies to set science-based climate targets and take credible climate actions. This work will continue in future reporting periods. As data coverage improves, United Bankers will pay special attention to the initiatives of investee companies and potential investee companies to reduce carbon emissions.
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Table 3

**Additional indicators related to society and employees, respect for human rights, and anti-corruption and anti-bribery**

Principal Adverse Impact indicator		Indicator	Impact 2024	Impact 2023	Explanation	Actions taken and planned measures and targets set for the next reference period
Human rights	9. Lack of policies related to human rights	Share of investments in entities without policies related to human rights	7,6 %	9,6 %	The indicator describing the lack of policies related to human rights decreased compared to the previous reporting period.	UB Fund Management Company Ltd requires that investee companies and partners operate in accordance with international best practices, norms, and agreements. United Bankers requires respect for human rights, anti-corruption measures, and consideration of environmental issues as defined in the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the ILO Conventions. United Bankers actively seeks to identify potential adverse human rights impacts of its operations in accordance with the UN Guiding Principles on Business and Human Rights.

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## Description of the principles for identifying and prioritizing Principal Adverse Impacts on sustainability factors

Principal adverse impacts (PAI) on sustainability factors refer to the negative effects that an investment decision or investment advice may directly or indirectly have on the environment, society, or social factors (EU Disclosure Regulation SFDR, 2019/2088). UB Fund Management Company Ltd recognizes that its business activities and investments can have both positive and negative impacts on the environment and society. The assessment of the impacts and responsibility of investments is part of UB Fund Management Company's responsible investment processes. The assessment of the principal adverse impacts of investments is also part of UB Fund Management Company's responsible investment processes, which are described in the company's Principles for Responsible Investment (<https://unitedbankers.fi/api/content/document/vastuullisen-sijoittamisen-periaatteet?lang=en>). These are complemented by United Bankers' Principles for Identifying and Considering Principal Adverse Impacts of Investments ([ub-pai-statement\\_en\\_created-28-02-2023\\_updated-2025.pdf](#)) which were approved on 28.2.2023 and last updated on 28.04.2025.

UB Fund Management Company Ltd assesses the principal adverse impacts (PAI) of investments as part of investment decisions. Principal adverse impacts are taken into account in all products under Article 8 and Article 9 of the EU Disclosure Regulation (SFDR, 2019/2088).

UB Fund Management Company's approach to analyzing principal adverse impacts is risk-based. Principal adverse impacts are analyzed in conjunction with sustainability risk analysis and as part of due diligence processes before making investment decisions and are regularly monitored during investments. Additionally, UB Fund Management Company Ltd, as an active owner, aims to influence companies to improve their management of sustainability issues, thereby reducing the negative impacts of investee companies on the environment and society and increasing positive impacts (see the chapter on Engagement Policies below for more details). The practical actions are carried out by portfolio managers and United Bankers' ESG team. The activities are overseen and monitored by United Bankers' sustainability steering group.

The sustainability indicators are used to develop the responsibility of investment portfolios in a positive direction. UB Fund Management Company Ltd analyzes the principal adverse impacts of investee companies on sustainability factors both in the due diligence process and regularly during the investment. Indicators related to climate change and carbon emissions are particularly used to assess the climate impacts of investments. Portfolio management can select investee companies with good sustainability indicators. In the due diligence process, efforts are made to identify companies whose principal adverse impacts are exceptionally high or otherwise unusual. Such companies are subject to closer scrutiny, and the reason for the deviation is sought before making the investment. The sustainability steering group can decide to initiate engagement actions with companies whose adverse impacts are considered particularly high. The steering group can also decide to exclude investments whose principal adverse impacts are considered particularly high.

No thresholds have been set for PAI indicators yet, but these will be set in the future as data coverage improves and as part of United Bankers' SBTi-aligned climate target setting and implementation. United Bankers is set to establish its SBTi-aligned climate targets by the end of 2025. These targets also apply to UB Fund Management Company Ltd. This way, United Bankers aims to ensure that the company's operations are in line with the goals of the Paris Agreement and contribute to achieving long-term Net Zero targets by 2040–2050. Once the SBTi-aligned climate targets are set, target values and/or thresholds for climate-related PAI indicators will be defined during 2026. As part of this work, measures will also be defined for exceeding threshold or target values.

Economic activities can have both positive and negative impacts on the environment and society. UB Fund Management Company Ltd considers several sustainability indicators in its operations. These describe, among other things, impacts on climate and the environment, respect for human rights, and anti-corruption and anti-bribery measures. UB

Fund Management Company Ltd aims to consider and report comprehensively all mandatory indicators describing adverse impacts. Additionally, UB Fund Management Company Ltd aims to report investments in companies without initiatives to reduce carbon emissions and investments in companies without policies related to human rights. The indicators to be considered are detailed in the materials of each investment product. UB Fund Management Company Ltd considers the following principal adverse impact indicators:

Table 1

Indicators applied to investments in companies as investment targets

1. Greenhouse gas emissions
2. Carbon footprint
3. Greenhouse gas intensity of investee companies
4. Responsibility in companies operating in the fossil fuel sector (exposure)
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity by climate-impactful sector
7. Activities adversely affecting biodiversity-sensitive areas
8. Emissions to water
9. Amount of hazardous and radioactive waste
10. Violations of the UN Global Compact principles and the OECD guidelines for multinational enterprises
11. Lack of processes and mechanisms for monitoring compliance with the UN Global Compact principles or the OECD guidelines for multinational enterprises
12. Unadjusted gender pay gap
13. Gender diversity in the board of directors
14. Exposure to controversial weapons (landmines, cluster munitions, chemical weapons, and biological weapons)

Indicators applicable to investments in sovereigns and supranational organizations

15. Greenhouse gas intensity of investee countries
16. Investee countries that have committed violations of social legislation as defined in international conventions and agreements, United Nations principles, or, where applicable, national legislation

Indicators applicable to investments in real estate assets

17. Exposure to fossil fuel-related risk through real estate assets
18. Exposure to the risk associated with energy inefficient real estate assets

Table 2

Indicators applied to investments in companies as investment targets

4. Investments in companies without initiatives to reduce carbon emissions

Table 3

Indicators applied to investments in companies as investment targets

#### 9. Lack of policies related to human rights

For daily valued bond and equity funds, information on principal adverse impacts is based on data provided by ESG service providers (Sustainalytics, Morningstar). The 2024 reporting period is based on the Morningstar and Sustainalytics ESG database and the methods used to create it. For alternative funds and funds investing in fixed assets, PAI information is sought from investee companies during due diligence processes and updated at least annually during investment monitoring. Exceptions are cases where information on principal adverse impacts is not yet available. UB Fund Management Company Ltd continuously develops methods for assessing principal adverse impacts and improves data availability.

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### Engagement Policies

Active ownership is an important part of responsible investing for UB Fund Management Company Ltd. As an active owner, UB Fund Management Company Ltd promotes responsibility in its investee companies by exercising voting rights at general meetings and engaging in dialogue with companies. In funds focused on real assets, UB Fund Management Company Ltd aims to promote responsibility directly through active management of the assets. More information on UB Fund Management Company' engagement policies is recorded in the company's Principles for Responsible Investment (<https://unitedbankers.fi/api/content/document/vastuullisen-sijoittamisen-periaatteet?lang=en>) and the Ownership Policy (<ownership-policy-05012024.pdf>) of the funds managed by UB Fund Management Company Ltd.

In the Ownership Policy of the funds managed by UB Fund Management Company Ltd, it is defined that UB engages with companies on responsibility issues both independently and in collaboration with other investors. The means of engagement related to responsibility include: 1) participating in general meetings, 2) engaging with companies either alone or together with other investors, for example through collaborative engagement initiatives, and 3) discussions with company representatives and portfolio managers or the responsible investment team during regular company meetings. Voting rights are used at general meetings to promote responsibility themes as they become relevant in each vote. The voting rights of UB funds aim to promote good governance, respect for human rights, climate change mitigation, transparency, and equality. International voting recommendations and/or the views of the fund's responsible portfolio manager may be utilized in forming voting lines. However, dialogue with companies is sought for responsibility reasons either together with other investors or independently if the investee company is found to violate UN Global Compact principles. The aim of the dialogue is to promote the correction of violations. So far, the ownership policies of the funds managed by UB Fund Management Company Ltd do not define specific actions based on PAI values, but these will be defined after the group's SBTi-aligned climate targets are set by the end of 2025.

United Bankers published a report on the implementation of ownership policies in 2024. During 2024, UB Fund Management Company's equity funds voted at general meetings through the ISS Proxy Voting service. Votes were cast according to the ISS International Sustainability Proxy Voting Guidelines, promoting responsibility themes such as transparency, equality, climate change mitigation, and setting climate targets in investee companies. In 2024, 10 funds participated in voting, and they voted at a total of 365 general meetings. There was a total of 4,668 voting items, and United Bankers participated in the majority of the votes (96 percent). A total of 92 percent of the votes were in line with the views of company management, and 8 percent were against the proposals of company management. Outside the service, United Bankers participated in several general meetings in Finland but did not vote in them.

Additionally, United Bankers' general engagement actions in 2024 aimed to particularly promote the mitigation of negative climate impacts of investments. In 2024, United Bankers supported the CDP's Science-Based Targets climate initiative. The engagement campaign encourages companies to set Science Based Targets that cover the entire

value chain emissions of the company. These Paris Agreement-aligned emission targets would limit the global average temperature rise to 1.5 degrees Celsius. CDP sent letters on behalf of United Bankers and other participating organizations to over a thousand companies worldwide.

In the operations of UB Fund Management Company's private equity funds, direct company engagement and dialogue are important means of influence. During 2024, UB Fund Management Company Ltd conducted direct separate engagement discussions and actions with six companies. Key topics in the discussions included the companies' climate targets, the calculation of the carbon footprint of the companies' operations, and the quantification of the climate impacts of the companies' products, for example, through Life Cycle Assessment modeling. Additionally, the discussions addressed the management of sustainability risks and the development of processes and reporting related to environmental and occupational safety. As a result of the discussions, concrete company-specific goals and actions were agreed upon, and their implementation is monitored.

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## References to International Standards

The assessment of principal adverse sustainability impacts by UB Fund Management Company Ltd is based on compliance with international agreements and standards. The following international standards and principles are particularly relevant, which UB Fund Management Company Ltd, as part of the United Bankers group, is committed to following:

- United Bankers committed to the UN Principles for Responsible Investment (UN PRI) in 2012. United Bankers continuously develops its operations in accordance with these principles and reports annually to the UN PRI.
- United Bankers aims to consider the risks and opportunities posed by climate change in its investment activities. United Bankers reports on the climate risks of its operations and investments and their management according to the Task Force on Climate-Related Financial Disclosures (TCFD) initiative.
- United Bankers requires that investee companies and partners operate in accordance with international best practices, norms, and agreements. United Bankers requires respect for human rights, anti-corruption measures, and consideration of environmental issues as defined in the UN Global Compact, the OECD Guidelines for Multi-national Enterprises, the UN Guiding Principles on Business and Human Rights, and the ILO Conventions. United Bankers actively seeks to identify potential adverse human rights impacts of its operations in accordance with the UN Guiding Principles on Business and Human Rights.
- United Bankers supports the international Carbon Disclosure Project (CDP) climate initiative and aims to influence the climate-friendliness of its investee companies.
- Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC) sustainable forest management certifications.
- GRESB Real Estate Assessment for sustainability benchmarking in the real estate sector.

UB Fund Management Company Ltd utilizes the above-described sustainability frameworks to identify sustainability impacts related to investment activities and to apply appropriate approaches to manage and mitigate principal adverse sustainability impacts. UB Fund Management Company Ltd monitors the development of these frameworks and general market developments related to sustainability and best practices and evaluates the best ways to incorporate these standards into its operations.

Examples of internationally recognized reporting frameworks and standards used include the Carbon Disclosure Project (CDP), TCFD, UNPRI, and, where applicable, the upcoming EU Corporate Sustainability Reporting Directive (CSRD) European Sustainability Reporting Standards (ESRS). These frameworks are used to identify and analyze adverse climate impacts. The recommendations of these frameworks for the indicators used to assess impacts largely correspond to the indicators related to greenhouse gas emissions described in Table 1 of Annex 1 of Regulation 2022/1288. CDP and TCFD provide recommendations on climate-related information and risks. United Bankers is committed to reporting on the climate risks of its operations according to the TCFD framework. This reporting and the necessary tools and processes for it are continuously developed at

United Bankers. In 2024, United Bankers did not extensively use forward-looking climate scenarios in the assessment of principal adverse impacts. Climate scenarios are considered relevant, but during the past reporting period, climate scenario information or indicators based on it were not yet comprehensively available in the ESG databases used (Sustainalytics & Morningstar). United Bankers' climate targets were compiled in the United Bankers Climate Roadmap published in 2023. United Bankers is committed to setting science-based climate targets according to the Science Based Targets initiative by the end of 2025. Setting climate targets will enable United Bankers to monitor the alignment of its operations with the Paris Agreement. United Bankers aims to achieve the long-term Net Zero target by 2040-2050.

United Bankers annually assesses the principal adverse impacts of its operations and investments by responding to the UNPRI questionnaire on responsible investment measures. Based on the assessment provided by UNPRI, the operating principles and practices can be compared to the best market practices, supporting the development of the applied operating principles and practices. UNPRI's assessments are continuously developed, and previous UNPRI surveys have mapped, for example, companies' governance practices related to fossil fuels, human rights, and related commitments, as well as greenhouse gas emissions reporting. These areas are partly in line with the indicators listed in Table 1 of Annex 1 of Regulation 2022/1288.

FSC and PEFC sustainable forest management certifications are used to identify and manage impacts on biodiversity. Certified forest management practices are in line with the objectives of the biodiversity-related indicators listed in Table 1 of Annex 1 of Regulation 2022/1288, as sustainable forest management practices help mitigate the impacts of forest management on biodiversity and exclude forest management activities from areas particularly sensitive to biodiversity.

The sustainability of the portfolios of UB Fund Management Company's real estate funds is assessed and verified annually in the international GRESB Real Estate Assessment sustainability benchmark. Based on the overall score achieved by the funds in the GRESB benchmark, the sustainability of the fund and the ESG performance of the portfolio are compared to the real estate sector benchmarks provided by GRESB. In 2024, the GRESB benchmark included, among other things, the energy efficiency of properties and climate risk perspectives according to TCFD recommendations. For example, these areas are partly in line with the indicators listed in Table 1 of Annex 1 of Regulation 2022/1288.

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## **Paris Agreement**

UB Fund Management Company Ltd aims to increase the positive impacts of its investments on the environment and society in the long term and reduce their negative impacts. UB Fund Management Company Ltd aims to promote credible initiatives and measures to reduce carbon emissions and compliance with the Paris Agreement in its investee companies. United Bankers' climate targets were compiled and published in 2023 as part of the United Bankers Climate Roadmap. UB Fund Management Company Ltd invests in low-carbon and carbon-sequestering solutions and aims to increase the carbon sequestration of investments so that it exceeds the greenhouse gas emissions of investments by 2030. United Bankers is committed to setting science-based climate targets according to the Science Based Targets initiative by the end of 2025. This way, United Bankers aims to ensure that the company's operations are in line with the goals of the Paris Agreement and contribute to achieving long-term Net Zero targets by 2040-2050. The funds of UB Fund Management Company Ltd are also covered by United Bankers' SBTi-aligned climate targets.

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## **Historical Comparison**

The reference period 2024 is the third time that information on the principal adverse impacts of investments on sustainability factors has been monitored using PAI indicators. Based on the results of 2024, it is possible to compare the development of impacts with the previous reporting period. The development in 2024 was mainly positive compared

to the previous reporting period, and several indicators describing principal adverse impacts showed positive development. The most significant factor for the potential negative development of the indicators was the significant improvement in data coverage during the reporting period concerning Scope 3 greenhouse gas emissions. Based on the available data, the Scope 1 greenhouse gas emissions of the investment targets decreased by approximately 13% compared to the previous reporting period. Scope 3 greenhouse gas emissions increased by approximately 31%, mainly due to improved data coverage. However, the greenhouse gas intensity of the companies being invested in decreased slightly.

United Bankers aims to further reduce the principal adverse impacts of its investments on sustainability factors. Detailed information on the development of the indicators and related observations is described in the tables above.

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