

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

Table 1

### Statement on principal adverse impacts of investment decisions on sustainability factors 28 June 2024

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**Financial market participant** United Bankers Ltd

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#### Summary

United Bankers Ltd (LEI: 743700J2WO3J6XGFP77) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of United Bankers Ltd and its subsidiaries, namely UB Fund Management Company Ltd, and UB Asset Management Ltd.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2023 to 31 December 2023. This announcement with its summaries is also available in its entirety in Finnish on the website of United Bankers Ltd.

Pursuant to the EU Sustainable Finance Disclosure Regulation (SFDR, 2019/2088), principal adverse impacts (PAI) on sustainability factors refer to any direct or indirect adverse impacts entailed by investment decisions or advice on the environment, society, or social factors. United Bankers acknowledges that business operations, and thereby investments, may have both positive and adverse impacts on the environment and the society. This document sets forth the principles and methods applied in the consideration of principal adverse impacts and the realised principal adverse impacts in 2023 of United Bankers. The statement includes comparative values from the previous reporting period, an explanation regarding any changes in indicator values between reporting periods as well as actions planned. The statement covers the funds of UB Fund Management Company Ltd encompassed by Article 9, Article 8, and Article 6 of the SFDR and the products of UB Asset Management Ltd encompassed by Article 8 of the SFDR. Principal Adverse Impacts are not considered in the products of UB Asset Management Ltd encompassed by Article 6 of the SFDR. This statement will be updated annually.

The assessment of the principal adverse impacts of investments comprises a part of the responsible investment processes at United Bankers. Further information concerning United Bankers' operating methods and principles for responsible investment is available from the Group's Principles for Responsible Investment (<https://unitedbankers.fi/media/hcafaxgu/principles-for-responsible-investment-09-2023.pdf>). These are supplemented by the policies to identify and prioritise principal adverse impacts on sustainability factors ([https://unitedbankers.fi/media/1qwn0wbn/ub-pai-statement\\_en\\_created-28-02-2023\\_updated-23-04-2024.pdf](https://unitedbankers.fi/media/1qwn0wbn/ub-pai-statement_en_created-28-02-2023_updated-23-04-2024.pdf)) which were approved by the ESG Steering Group of United Bankers Ltd on 28 February 2023. The ESG Steering Group of United Bankers Ltd has approved the changes made to the principles on 23 April 2024.

The reference period 2023 is the second time that information on principal adverse impacts of investment decisions on sustainability factors has been monitored using PAI indicators. The results of 2023 enable comparison of impact development between reference periods. The development in 2023 was mainly positive compared to the previous reporting period, with several principal adverse impact metrics showing positive trends. The main factor behind negative development of some metrics was the change in data

coverage, availability, and methodologies during the reporting period. Based on the available data, in 2023, Scope 1 GHG emissions decreased by approximately 25 % compared to the previous reporting period. Scope 3 GHG emissions increased by around 12 %, driven mainly by improvements in data coverage. The GHG intensity of investee companies decreased slightly in 2023. In general, United Bankers continues its efforts to decrease its investments' principal adverse impact on sustainability factors. More details on the development of the metrics and corresponding explanations are presented in the tables below. The information reported here is based on the ESG databases of Sustainalytics and Morningstar, as well as data collected directly from real estate and forest funds. The data coverage of the reporting is expected to further improve when the coverage of the databases used improves in the future. In addition to this statement, the principal adverse impacts on sustainability factors have been regularly reported in product specific ESG reports, for example in the funds' quarterly ESG reports and periodic disclosures.

## Description of the principal adverse impacts on sustainability factors

### Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
Green-house gas emissions	1. GHG emissions	Scope 1 GHG emissions	21 076	28 463	Scope 1 GHG emissions decreased during the reporting period.	United Bankers' long-term goal is to increase the positive impacts of its investments on the environment and society and to reduce their negative impacts. United Bankers' climate goals 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 to exceed the greenhouse gas emissions of investments by 2030. United Bankers is committed to setting science-based climate targets by 2025 under the Science Based Targets initiative. In doing so, United Bankers aims to ensure that its operations are aligned with the Paris Climate Agreement targets and contribute to the achievement
		Scope 2 GHG emissions	8 755	8 403	Scope 2 GHG emissions remained roughly at the same level as in the previous reporting period.	
		Scope 3 GHG emissions	149 722	133 215	Scope 3 GHG emissions increased during the reporting period. The increase in Scope 3 emissions was mostly due to five individual products' emissions and the improvements in the Scope 3 data coverage over the reporting period.	
		Total GHG emissions	179 552	170 081	Total GHG emissions increased slightly during the reporting period.	

	2. Carbon footprint	Carbon footprint	8 588	8 452	The carbon footprint increased slightly during the reporting period.	of long-term Net Zero targets by 2040-2050. United Bankers is paying particular attention to the development of GHG intensity. Climate-related indicators are being developed further and their development in accordance with the climate principles of United Bankers will be monitored in the coming reporting periods.
	3. GHG intensity of investee companies	GHG intensity of investee companies	947	960	GHG intensity of investee companies decreased slightly from 2022.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	3.8%	4.1%	The share of investments in companies active in the fossil fuel sector decreased slightly in 2023.	
	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	Consumption: 56.8%  Production: 12.3%	Consumption: 57.9%  Production: 15.2%	The share of non-renewable energy consumption and production of investee companies decreased slightly during the reporting period.	
	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	NACE A: 3.8  NACE B: 0.8  NACE C: 0.7  NACE D: 3.2  NACE E: 0.6  NACE F: 0.1	NACE A: 6.1  NACE B: 1.7  NACE C: 0.7  NACE D: 3.4  NACE E: 0.6  NACE F: 0.1	The energy consumption intensity in high impact sectors decreased slightly or remained at the same level as in the previous reporting period.	

			NACE G: 0.1	NACE G: 0.1		
			NACE H: 1.5	NACE H: 3.5		
			NACE L: 0.6	NACE L: 1.0		
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	1.8%	1.7%	The metric on activities negatively affecting bio-diversity sensitive areas increased slightly during the reporting period partly due to increased data coverage for individual products.	Monitoring of biodiversity impacts and data coverage is expected to continue to improve in the coming years, which will also be reflected in the impact metrics reported. United Bankers' forest funds' impacts on biodiversity have been reported in fund-specific reports, as this PAI indicator only applies to the impacts of investment companies and not forest properties.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.0	1.5	Emissions to water decreased slightly in 2023 compared to 2022.	United Bankers monitors the potential adverse impacts and emissions to water generated by investee companies.
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	1.7	16.4	Amount of hazardous and radioactive waste decreased significantly in 2023.	United Bankers monitors the potential adverse impacts and amount of hazardous and radioactive waste generated by investee companies.
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	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD	0.0%	0.0%	The indicator remained at the same level as in the previous reporting period. Products that invest mainly in indices may through indices contain	United Bankers requires compliance with good governance practices and has excluded from its investment targets companies that violate the UN Global Compact principles. More information

	and Development (OECD) Guidelines for Multinational Enterprises	Guidelines for Multinational Enterprises			individual companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises Global Compact during the reporting period. These breaches are monitored during the reporting period but are difficult to control by the fund itself.	in the United Bankers Principles for Responsible Investment. Regarding products that invest mainly in indices United Bankers monitors any breaches to UBGC principles. United Bankers' possibilities to influence companies through indices are limited. If necessary, United Bankers may decide to exclude investments whose principal adverse impact are considered concerning and not expected to be resolved.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	37.6 %	17.2%	The share of investments without policies to monitor compliance with the UNGC principles and OECD Guidelines increased in 2023. The increase is mainly due to development in data coverage and availability during the reporting period.	United Bankers requires compliance with good governance practices and has excluded from its investment targets companies that violate the UN Global Compact principles. More information in the United Bankers Principles for Responsible Investment. United Bankers monitors the lack of processes and mechanisms in line with the UNGC principles or the OECD Guidelines based on the information and data available.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	21.9 %	21.1%	The average unadjusted gender pay gap remained roughly at the same level as in the previous reporting period.	United Bankers monitors the potential adverse impacts and development of unadjusted gender pay gap of investee companies.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.5 %	32.7%	Board gender diversity increased slightly compared to the previous reporting period.	United Bankers monitors the potential adverse impacts and development of board gender diversity in investee companies.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.0 %	0.0%	Exposure to controversial weapons remained at the same level as in the previous reporting period.	United Bankers has fully excluded controversial weapons from its investments. More information in the United Bankers Principles for Responsible Investment.

	weapons, and biological weapons)					
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**Indicators applicable to investments in sovereigns and supranationals**

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	The ESG database currently in use does not contain information on the PAI indicators of sovereigns and supranationals.	The indicator will be reported as the data coverage improves in the used ESG database.
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	N/A	N/A	The ESG database currently in use does not contain information on the PAI indicators of sovereigns and supranationals.	The indicator will be reported as the data coverage improves in the used ESG database.

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

Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	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	4.1 %	5.0%	Exposure to fossil fuels related risks through real estate investments decreased slightly compared to the previous reporting period.	United Bankers monitors the potential adverse impacts and development of exposure to fossil fuels related risks through real estate investments and aims to maintain a low level of exposure to such risks.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	53.8 %	19.0%	The share of investments in energy-inefficient real estate assets increased in 2023 compared to the previous reporting	In accordance with their climate objectives, United Bankers' real estate funds strive to continuously improve the energy efficiency of their investment

					period. In 2023, the coverage of data increased significantly. The 2023 impact metric covers between 85-100% of real estate funds' assets. Energy efficiency data from 2023 was not available for all the assets.	properties. The properties with the lowest initial energy efficiency rates have the greatest potential for climate effects and energy savings. This work will commence in the coming reporting periods. United Bankers aims to further improve the coverage of energy efficiency data in the coming reporting periods.
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**Other indicators for principal adverse impacts on sustainability factors**

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

*Table 2*  
**Additional climate and other environment-related indicators**

Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Emis- sions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	27.1 %	22.5%	The share of investments in investee companies without carbon emission reduction initiatives increased during the reporting period. The share increased across several products and is closely linked to improved data availability.	United Bankers aims to promote credible initiatives and actions to reduce carbon emissions and the adherence to the Paris Agreement in its investment companies. In 2023, United Bankers' engagement activities, e.g., incorporating the guidelines of the ISS International Sustainability Voting Policy to promote climate target setting by voting at general meetings and participating in the Carbon Disclosure Project's SBTi campaign, aim to promote science-based climate target setting and credible climate action at investment companies. This work continues in the coming reporting periods. As data coverage improves, United Bankers will pay

						particular attention to investee companies' and potential investees' initiatives to reduce carbon emissions.
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Table 3

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

Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Human rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	7.7 %	7.4%	The share of investments in entities without a human rights policy remained roughly at the same level as in the previous reporting period.	United Bankers requires its investees and partners to operate in accordance with international best practices, standards, and agreements. United Bankers requires respects for human rights, action against corruption and consideration of environmental aspects 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 labour conventions. United Bankers proactively identifies potential negative human rights impact of its activities in accordance with the Un Guiding Principles on Business and Human Rights.

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

Pursuant to the EU Sustainable Finance Disclosure Regulation (SFDR, 2019/2088), principal adverse impacts (PAI) on sustainability factors refer to any direct or indirect adverse impacts entailed by investment decisions or advice on the environment, society, or social factors. United Bankers acknowledges that business operations, and thereby investments, may have both positive and adverse impacts on the environment and the society. The assessment of the principal adverse impacts of investments comprises a part of the responsible investment processes at United Bankers. Further information concerning United Bankers' operating methods and principles for responsible investment is available from the Group's Principles for Responsible Investment (<https://unitedbankers.fi/media/hcafaxgu/principles-for-responsible-investment-09-2023.pdf>). These are



supplemented by the policies to identify and prioritise principal adverse impacts on sustainability factors, which were approved by the ESG Steering Group of United Bankers Ltd on 28 February 2023 ([https://unitedbankers.fi/media/1qwn0wbn/ub-pai-statement\\_en\\_created-28-02-2023\\_updated-23-04-2024.pdf](https://unitedbankers.fi/media/1qwn0wbn/ub-pai-statement_en_created-28-02-2023_updated-23-04-2024.pdf)) and are updated and complemented when necessary. Principal adverse impacts are considered in all products encompassed by Articles 8 and 9 of the SFDR. In products encompassed by Article 6, indicators are not considered at the moment, and for now they are not being reported for technical reasons. Going forward, the intention is to also extend the reporting to apply to products encompassed by Article 6.

United Bankers has adopted a risk-based approach to the analysis of principal adverse impacts. Principal adverse impacts are analysed in connection with sustainability analyses and as part of due diligence processes prior to making investment decisions, and they are monitored regularly during the investment period. Furthermore, United Bankers strives as an active owner to influence companies in an effort to develop the management of sustainability matters so that the adverse impacts of the investments upon the environment and the society are reduced and the positive impacts are increased. Portfolio managers and United Bankers' ESG team are responsible for related practical activities. The operations are supervised and monitored by the ESG Steering Group of United Bankers Ltd.

United Bankers analyses the principal adverse impacts of investments on sustainability factors both in the due diligence process and regularly during the investment period. It is possible for portfolio management to select investments whose indicators illustrating sustainability impacts are at a good level. Particularly the due diligence process seeks to identify investments, whose principal adverse impacts appear to be exceptionally high or otherwise exceptional. Such investments are subjected to further scrutiny and the reason for the deviation is to the extent possible ascertained prior to making the investment. The ESG Steering Group may resolve upon commencing impacting measures concerning an investment whose principal adverse impacts are deemed particularly high. The ESG Steering Group may also decide to exclude investments whose principal adverse impacts are deemed particularly high.

Financial activities may have positive and adverse impacts on the environment and the society. In its operations, United Bankers considers numerous principal adverse indicators on sustainability factors. These illustrate, among others, impacts on the climate and the environment, respect for human rights, as well as the prevention of corruption and bribery. In its investment decisions, United Bankers seeks to consider and report extensively on all mandatory principal adverse indicators. Furthermore, United Bankers seeks to report all investments made in companies that have no initiatives aiming at the reduction of carbon emissions, as well as all investments in companies that have no operating policies relating to human rights. The indicators to be taken into consideration are elaborated upon in detail in the materials of each investment product. United Bankers considers the following principal adverse impacts indicators:

*Table 1*

Indicators applicable to investments in investee companies

1. GHG emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector

7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)

Indicators applicable to investments in sovereigns and supranationals

15. GHG intensity
16. Investee countries subject to social violations

Indicators applicable to investments in real estate assets

17. Exposure to fossil fuels through real estate assets
18. Exposure to energy-inefficient real estate assets

*Table 2*

Additional climate and other environment-related indicators

4. Investments in companies without carbon emission reduction initiatives

*Table 3*

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

9. Lack of a human rights policy

In terms of United Bankers' daily valued fixed income and equity funds, the information concerning principal adverse impacts is based on the information generated by the ESG service providers (Sustainalytics, Morningstar, Bloomberg). The reporting for the 2023 reference period is based on the ESG database of Morningstar and Sustainalytics and its underlying methodologies. In terms of alternative investment funds and funds investing in real assets, the PAI information is to the extent possible ascertained for the investments in connection with the due diligence processes and updated regularly in connection with the monitoring of the investments. An exception from this are products for which information concerning principal adverse impacts is not yet available. United Bankers is continuously seeking to develop its methods for the assessment of principal adverse impacts and to improve the availability of information.

### *Principal adverse impacts in investment advice and insurance advice*

United Bankers provides investment advice and insurance advice. In these activities, we seek to offer customers transparent information concerning the adverse impacts of the products that the investment advice and/or insurance advice relates to. United Bankers does not seek to rate financial products in any order of superiority in relation to the sustainability indicators.

The threshold values concerning principal adverse impacts are not employed in the selection of financial products and related advisory. United Bankers' product selection also includes carefully selected third-party products. All third parties must act in accordance with the UN Principles for Responsible Investment and provide comprehensive and transparent responsibility information concerning their products, including the appropriate information concerning the consideration of principal adverse impacts.

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### **Engagement policies**

Active ownership is an important part of responsible investing for United Bankers. As an active owner, United Bankers works to promote sustainability in its investments, for example by using the right to vote at general meetings and by talking with the companies. In funds focused on real assets, United Bankers strives to promote sustainability directly in the active management of assets. More information on United Bankers' engagement policies are recorded in the Group's Principles for Responsible Investment () and the Ownership Policy of UB Fund Management Company Ltd and UB Asset Management Ltd funds (<https://www.unitedbankers.fi/media/npvbbq22/ownership-policy.pdf>).

In 2023, United Bankers published a report on the results of its active ownership related activities. In 2023, United Bankers' equity funds voted at general meetings through the ISS Proxy Voting service. The votes were cast in accordance with the recommendations of the ISS International Sustainability Proxy Voting Guidelines, whereby the funds promote sustainability-related themes, such as transparency, the realization of equality, and fighting climate change, as well as the setting of climate goals in the investment companies. In 2023, ten funds participated in the voting in a total of 380 general meetings. In total, 4931 ballots were cast with United Bankers participating in the vast majority of votes (95%). 91% of votes were in line with investee companies' management's views and 8% against management proposals. In addition to proxy voting, United Bankers attended several AGMs in Finland, but did not vote.

In addition, United Bankers' general advocacy efforts in 2023 aim to specifically curb the negative climate impacts of its investments. In 2023, United Bankers supported CDP's Science-Based Targets initiative. The campaign encourages companies to set emission reduction goals in accordance with the Science Based Targets initiative, which cover the emissions of the company's entire value chain. These emission targets, which adhere to the Paris Agreement, would limit the increase in the global average temperatures to 1.5 degrees. On behalf of United Bankers and other organisations participating in the initiative, CDP sent letters to more than a thousand companies around the world.

Direct corporate engagement and dialogue are important tools in the work of United Bankers private equity funds. During 2023, United Bankers conducted direct, separate engagement dialogues and activities with three investee companies. Key topics of discussion included companies' climate targets and the calculation of the carbon footprint of the companies' operations, as well as the quantification of the climate impact of the companies' products, for example through Life Cycle Assessment modelling. In addition, the engagement discussions covered the companies' management of sustainability risks and the development of processes and reporting related to environmental aspects and occupational safety. As a result of these discussions, concrete company-specific targets and measures to be monitored were agreed upon with the companies.

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## References to international standards

The underlying factor behind United Bankers' assessment of the principal adverse impacts of investments is compliance with international treaties and standards. Some of the fundamental ones, which United Bankers is committed to, include the following:

- In 2012, United Bankers committed to complying with the UN Principles for Responsible Investment (UN PRI) in its operations. United Bankers continuously develops its operations in accordance with these principles and reports its operations annually to the UN PRI.
- United Bankers strives to consider the risks and opportunities caused 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 investments and business partners operate in accordance with international good practices, norms, and agreements. United Bankers requires respect for human rights, anti-corruption measures, and the environmental aspects as defined by the UN Global Compact corporate responsibility initiative, the OECD guidelines for multinational companies, the UN Guiding Principles on Business and Human Rights guidelines, and the ILO Labour Conventions. United Bankers actively seeks to identify possible negative 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 strives to influence the climate friendliness of its investments.
- Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC) certificates for sustainable forest management
- Global Real Estate Sustainability Benchmark (GRESB) assessment

United Bankers utilises the sustainability frameworks described above to identify sustainability impacts related to investment activities and to utilize appropriate approaches to manage and address principal adverse impacts. United Bankers monitors the development of frameworks and general market developments related to sustainability and best practices and evaluates the best ways to take those standards into account in its operations.

Examples of internationally recognised standards and reporting frameworks used include the Carbon Disclosure Project (CDP), TCFD, UNPRI and, where applicable, the European Sustainability Reporting Standards (ESRS) of the EU Corporate Sustainability Reporting Directive (CSRD), which is currently in the works. These frameworks are used to identify and analyse harmful effects on the climate. The recommendations of the reference frameworks regarding the indicators used to assess the effects mainly 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 regarding information and risks related to climate change. United Bankers is committed to reporting on the climate risks of its operations in accordance with the TCFD framework. The tools and processes required for the reporting are constantly being developed at United Bankers. In 2023, United Bankers did not make extensive use of forward-looking climate scenarios in its operations in the assessment of principal adverse impacts. We consider climate scenarios to be relevant, but during the past reporting period climate scenario information or indicators based on it were not yet comprehensively available in the ESG databases (Sustainalytics, Morningstar) currently in use. United Bankers' climate targets are summarised in the United Bankers Climate Roadmap 2023. United Bankers is committed to setting science-based climate targets in line with the Science Based Targets initiative. Setting climate targets allows United Bankers to monitor its compliance and performance against the Paris Agreement. United Bankers aims to achieve a long-term Net Zero target by 2040-2050.

United Bankers also evaluates the principal adverse impacts by its operations and investments every year by answering to the UN PRI's survey on responsible investment measures. Based on the assessment given by UN PRI, operating principles and practices can be compared with the best operating methods in the market, which supports the development of applied operating principles and methods. UN PRI is constantly being developed, and previous UN PRI surveys have mapped, for example, companies' governance practices related to fossil fuels, human rights, and related commitments, and reporting of greenhouse gas emissions. These areas are partially 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 forestry practices are in line with the objectives of the indicators related to biodiversity listed in Table 1 of Annex 1 of Regulation 2022/1288, as sustainable forestry practices help to curb the effects of forestry on biodiversity and limit forestry operations away from areas that are particularly sensitive to biodiversity.

The sustainability of United Bankers' real estate fund portfolios is evaluated and verified annually in the international Global Real Estate Sustainability Benchmark (GRESB) assessment. Based on the overall rating achieved by the funds in the GRESB assessment, the sustainability and ESG performance of the funds are compared to relevant real estate benchmarks compiled by GRESB. In 2023, the GRESB assessment includes data on building energy efficiency and climate risks according to the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations, among others. These areas are partially in line with the indicators listed in Table 1 of Annex 1 of Regulation 2022/1288.

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### **Paris Agreement**

United Bankers' long-term goal is to increase the positive environmental and social impacts of its investments and to reduce their negative impact. United Bankers aims to promote credible carbon reduction initiatives and measures as well as compliance with the Paris Agreement of its investee companies. United Bankers' climate targets were compiled and published in 2023 as part of the United Bankers Climate Roadmap. United Bankers invests in low-carbon and carbon sequestration solutions and aims to increase the carbon sequestration of its investments to exceed the greenhouse gas emissions of its investments by 2030. United Bankers has committed to setting science-based climate targets in accordance with the Science Based Targets initiative by 2025. This way United Bankers aims to ensure its operations are aligned with the objectives of the Paris climate agreement and enable achieving the long-term Net Zero targets by 2040-2050.

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### **Historical comparison**

The reference period 2023 is the second time that information on the principal adverse impacts of investment decisions on sustainability factors has been monitored using PAI indicators. The development in 2023 was mainly positive compared to the previous reporting period, with several principal adverse impact metrics showing positive trends. The main factor behind negative development of some metrics was the change in data coverage, availability, and methodologies during the reporting period. Based on the available data, in 2023, Scope 1 GHG emissions decreased by approximately 25 % compared to the previous reporting period. Scope 3 GHG emissions increased by around 12 %, driven mainly by improvements in data coverage. The GHG intensity of investee companies decreased slightly in 2023. In general, United Bankers continues its efforts to decrease its investments' principal adverse impact on sustainability factors. Details on the development of the metrics and corresponding explanations are presented in the tables above.

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