Principles related to sustainability **risks (Sustainability Finance Disclosure Regulation, "SFDR", "Disclosure Regulation", Article 3)**

This notice was published on February 8, 2021, and updated on February 6, 2025.

A sustainability risk refers to an event or condition related to the environment, society, or governance that could have an actual or potential negative material impact on the value of an investment.

Aval Wealth Management Oy ("AVAL") recognizes that its investment activities and the investment services it offers may involve sustainability risks and that these risks, if realized, may affect the returns on investments. The magnitude of the potential return impacts of sustainability risks is influenced by several factors, such as the investment's time horizon, geographical distribution, and sector distribution. However, sustainability risks can affect the financial success of investments and thus their returns, either negatively or positively.

We believe that companies that act responsibly will perform better in the long term. Therefore, sustainability issues are important when selecting investments for our wealth management clients and when providing advice on investment selection.

AVAL does not currently conduct a precise assessment of the likely impacts of sustainability risks on investment returns. For AVAL, sustainability risks are primarily directly related to the financial instruments offered in investment advice or wealth management. Therefore, the manner and extent to which sustainability risks are considered vary depending on the specific financial instrument. We consider sustainability risks as part of our normal due diligence process for investments by following the principles and methods outlined below.

When analyzing company-specific risks for investments, we consider sustainability factors as part of the overall picture and monitor sustainability factors alongside financial analysis and figures. Sustainability factors affect companies' growth opportunities, costs, and reputation and are therefore essential for the expected return and risks of investments. We consider sustainability aspects related to the environment, society, and good governance. The basis for the sustainability analysis of an investment is information collected from public sources, such as companies' sustainability reports and external sustainability risk assessments. Monitoring investments from a sustainability perspective is continuous, and the news flow about investments is followed daily.

The minimum requirement is that target companies, in addition to legislation, comply with international norms and agreements related to human rights, labor, corruption, and sustainable development. If there are suspected deficiencies in companies' operations, we try to find out what the target company plans to do about it and follow up on whether the plan is implemented. If a company continuously violates these norms, the company may be excluded from investments.

We require our partners to also consider sustainability in all asset classes. When selecting and monitoring investment products managed by external funds and wealth managers, the sustainability analysis focuses on the investment process and reporting. We view positively that wealth managers commit to the UN Principles for Responsible Investment (UNPRI) or a similar initiative for specific asset classes. AVAL signed the UN Principles for Responsible Investment (PRI) in 2022 and has thus committed to promoting the principles of responsible investment in its investment activities.

Notice of the principal adverse impacts of investment decisions and investment advice on sustainability factors (SFDR, Article 4.1 b)

This notice was published on February 8, 2021, and updated on February 6, 2025.

The principal adverse impacts of investment decisions and investment advice on sustainability factors are not considered. AVAL does not currently consider the adverse impacts of its investment decisions or investment advice on sustainability factors in a way that allows it to report the principal adverse impacts of investment decisions or investment advice on sustainability factors as required by Article 4 of the Disclosure Regulation. AVAL has made this decision because some of the investments included in its investment strategy are of such a nature that it is not possible to conduct a due diligence process for adverse sustainability impacts at the detailed level required by Article 4.1 a of the Disclosure Regulation.
AVAL continuously monitors the technical possibilities for assessing, measuring, and reporting the principal adverse impacts of investments. When AVAL considers that the measurements required by the Disclosure Regulation and its technical standards can be made with the necessary accuracy and that the associated costs are proportionate to the reporting, AVAL will update its policy for assessing the principal adverse impacts accordingly.
AVAL considers the principal adverse sustainability impacts in its investment advice and wealth management in such a way that the client determines whether products that consider these impacts are included in the recommendation or investments provided. Investment products are not prioritized based on the consideration of the principal adverse impacts.

AVAL's reward system

AVAL's reward system is consistent with the consideration of sustainability risks. AVAL's remuneration principles are subject to requirements according to which the remuneration must be consistent with the consideration of the company's sustainability risks. The principles and procedures regarding remuneration do not conflict with the operating principles related to the company's sustainability risks. AVAL has not introduced a reward system based on variable rewards, where sustainability risks should be taken into account.