

A close-up photograph of a person's hand gently holding a small, green pine branch with several young cones. The background is a soft, out-of-focus green, suggesting a forest or natural setting. The lighting is natural and bright, highlighting the texture of the hand and the needles of the branch.

Sustainability and Responsible Investment Policy

korkia >

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- 1. About Korkia 3
- 2. Sustainability at Korkia Group 3
 - 2.1 Sustainability Commitments of Korkia Group..... 3
- 3. Roles and Responsibilities 4
- 4. Responsible investment at Korkia 4
 - 4.1 Introduction to Korkia Group level approaches to responsible investment 4
 - 4.2 Environmental factors 5
 - 4.3 Social & Governance factors 6
 - 4.4 Exclusions 7
- 5. Transparency and Reporting 7
- Appendix:
Mapping of Sustainability factors, SDGs and Principal adverse impact indicators 8

Change log:	
Policy approved:	31.8.2023

1. About Korkia

Korkia Group is an internationally operating investment and advisory company specialized in sustainable growth. At the core of our business is creating new growth and returns for our customers – with a positive impact. Our mission is to produce clean megawatts to the market to ensure that future generations have an economically prosperous and sustainable world to live in.

This policy concerns Korkia Group companies Korkia Ltd. (parent company) and Korkia Capital Ltd. (holder of AIF license and provider of investment services related to renewable energy services). Korkia Ltd. currently invests mainly in the development of solar photovoltaic and wind power electricity generation through Joint Ventures (JVs). Korkia Capital Ltd. provides alternative investment fund manager services. These companies will be commonly referred to as Korkia Group.

2. Sustainability at Korkia Group

Korkia Group is committed to achieving our sustainability vision by establishing clear protocols and action plans. Korkia Group will ensure that the expectations are clear for our workforce, business partners, and other entities linked to our operations. Furthermore, it is our commitment to help accelerate the transition towards sustainability through conscious decision-making. We believe that a continuous evaluation of sustainability criteria, as well as encouraging companies to enhance the sustainability of their businesses contribute to attainment of long-term investment goals.

Korkia Group also has corporate responsibility related commitments like Code of Conduct, Supplier Code of Conduct, Anti-Corruption and Anti-bribery Policy and

Remuneration Policy. All the documents are published and can be found on Korkia Groups's website.

2.1 Sustainability Commitments of Korkia Group

We are committed to follow the UN Principles for Responsible Investment (PRI) in our investment activities:

1. Environmental, Society and Governance factors are used to evaluate investment targets and to make investment decisions.
2. Korkia is an active owner and considers Environmental, Society and Governance factors as a part of our ownership policy.
3. We require our investment targets to provide us sufficient information on their impact on Environmental, Society and Governance factors.
4. We advance the adoption and use of ESG principles among third-party actors active in our business.
5. We cooperate with other signatories in order to advance an efficient adoption of ESG principles.
6. We provide reports from our activities and the adoption of ESG principles.

Korkia Group also works with integrity to minimize the company's ESG impacts and advancing the United Nation's Sustainable Development Goals (SDGs).

UN SDG 7: Affordable and Clean Energy



Korkia Group is committed to ensuring access to affordable, reliable, sustainable, and modern energy for all by investing in sustainable energy and energy-efficient technologies to new markets and communities. Focus is on target 7.1 Universal access to affordable, reliable, and modern energy services and target 7.2 Substantially increasing the share

of renewable energy in the global energy mix by 2030.

UN SDG 9: Industry, Innovation, and Infrastructure



Korkia Group is committed to investing in innovative systems for sustainable development and support the development of sustainable infrastructure. Focus is on target 9.1 Develop quality, reliable, sustainable, and resilient infrastructure, and target 9.4 Upgrade and retrofit existing infrastructure to make industries sustainable.

UN SDG 13: Climate Action



Korkia Group is committed to invest in developments and projects with negligible emissions and promote climate-conscious behaviour in the communities where Korkia Group operates. Focus is on target 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries and 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

3. Roles and Responsibilities

At Korkia Group, the Sustainability Director is responsible for the integration of this policy into Korkia's day-to-day operations and ensuring progress towards targets and commitments. The Sustainability Director is further responsible for Korkia maintaining a strong sustainability focus, particularly for

matters material to sustainable development.

In addition to the Sustainability Director, Korkia Group has a Sustainability Committee that meets at least on a quarterly basis and additionally every time when a Sustainability Committee's decision is needed. Korkia Group's Sustainability Committee is responsible for implementing this policy annually. The Sustainability Committee consists of preliminary members of Korkia Group executive management board and the Sustainability director, and the meetings take place every time new investment opportunities are considered. The Sustainability Committee consists members of different defence lines, namely from business, risk management and compliance functions.

This policy is approved by Korkia Ltd. board of directors and Korkia Capital Ltd. board of directors.

4. Responsible investment at Korkia

4.1 Introduction to Korkia Group level approaches to responsible investment

Korkia Group integrates sustainability factors (ESG) into its investment decision-making and during ownership of the investment Korkia Group considers sustainability risks and principal adverse impacts of its investment decisions.¹ In this policy sustainability risk means any environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Principal adverse impacts should be understood as those impacts of investment decisions and advice that result in

¹ Principal adverse impacts are reported annually by Korkia Capital Ltd.

negative effects on sustainability factors. Risks and adverse impacts as well as promoted factors are evaluated based on materiality to Korkia Group's investment. Sustainability factors are any environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The most material factors are described in further detail in this policy.

Korkia Capital takes into account sustainability risks and principal adverse impacts in its investment decision process. These are analysed thoroughly in due diligence process and after it when the investment decision is made and all the risks and principal adverse impacts are monitored during the entire lifetime of the investment. When making investment decisions, sustainability risks are measured by making use of a wider geographical market based analysis and moreover with a detailed investment and project based analysis. By doing extensive and thorough analysis we endeavor to mitigate potential sustainability matters that could affect financial risk. We also analyse principal adverse impacts when making investment decisions. Our approach is to mitigate potential principal adverse impacts with our active ownership in the investment target. We collect, analyse and report principal adverse impacts yearly and in case of negative development in results we are able to react and demand actions to improve these issues with as an active owner.

4.2 Environmental factors

Korkia Group considers the following to be the key environmental factors material to the company's operations. As renewable energy development is at the core of Korkia Ltd's business operations, we substantially contribute to climate change mitigation. Simultaneously, Korkia Group aims to ensure minimal or positive impacts on the other environmental objectives as outlined below.

Korkia Group commits to the following for each material topic:

Climate Change

Korkia Group is committed to limit climate change risks through integration in risk assessments in the investment process. Korkia Group will set up mechanisms in its investment process focused on reducing the investment's carbon footprint thereby mitigating negative principal adverse impacts. Activities through climate change mitigation will be prioritised over climate change adaptation and resilience mechanisms. Where possible, nature-based and blue/green solutions will be favoured in climate change adaptation efforts. Furthermore, Korkia Group will not invest in the fossil fuel sector.

Pollution Prevention and Control

Korkia Group will proactively aim to minimise pollution impacts and avoid pollution-generating activities into air, water, and land. Korkia Group will do so by reducing, eliminating, and preventing the generation and production of pollution at the source. Korkia Group will, thus, encourage project developers where it does not hold the power to decide which materials are used to operate according to the EU taxonomy's Do No Significant Harm principles. Where Korkia Group holds power over which materials are used, it will strongly encourage the project developers to select materials that are in alignment with the EU taxonomy.

Protection and Restoration of Biodiversity

Korkia Group will work to halt negative impacts on biodiversity, ecosystems and biodiversity-sensitive areas, by assessing biodiversity-related risks and implementing mitigation measures where applicable. Korkia Group will assess whether potential sites are located in the Natura 2000 network

of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas and implement necessary mitigation measures if applicable. Korkia Group intends to refrain from activities located in or near those sites.

Sustainable Water Usage and Protection

Korkia Group will enforce sustainable use and protection of water and marine resources through its investments and integrate water-related risks in risk assessment procedures. Korkia Group will aim to ensure the maintenance water quality and establishment of water use and protection management plans where applicable. Korkia Group intends to locate activities and investments outside of water stressed areas and will identify environmental degradation risks related to water through environmental impact assessments where applicable. Korkia Group will create water use and protection management plans where relevant.

Circular Economy

Korkia Group will make commitments to transition away from a linear to a circular economy. Where feasible, Korkia Group will aim to ensure equipment and components of high durability and recyclability. Where Korkia Group does not hold influence over the design phase of projects and investments, Korkia Group will encourage project developers to consider the EU taxonomy's Do No Significant Harm principles.

4.3 Social & Governance factors

Korkia respects internationally recognized human rights as set out in the International Bill of Human Rights and the principles concerning fundamental rights set out in the ILO Declaration on Fundamental Principles and Rights at Work. We demonstrate this commitment by planning and creating processes in order to be able to act in accordance with, the United Nations Guiding

Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises. Processes will be set in place in the end of Q1/2024.

We require our investment targets to meet the below criteria to ensure they meet our standards for human rights, corruption, taxation, and fair competition. Additionally, we cooperate with other signatories to advance an efficient adoption of sustainability principles.

Human Rights

Korkia Group works to ensure that human rights are respected in all phases of operations. Korkia Group's human rights due diligence aims to identify, assess, and address adverse impacts in relation to international human rights including occupational health and safety, consumer rights, and minimum wage payments. Korkia Group refrains from investing in projects where partners/investees are causing or contributing to adverse human rights impacts. An indication for this could be a refusal to engage with the OECD National Contact Points, a conviction of corruption/bribery or tax fraud/evasion, or a violation of UN Global Compact. Korkia Group will create processes and practices in place to mitigate negative impacts on human rights by partners/investees. Processes and practices will be set in place in the end of Q1/2024.

Bribery Corruption

Korkia Group will work to reduce the risk and likelihood of any bribery or corruption. Korkia Group will ensure adequate internal controls, ethics and compliance programmes or measures for preventing and detecting bribery. Furthermore, it will ensure that JV partner company senior management, including senior management of its subsidiaries, has not been convicted on corruption or bribery.

Taxation

Korkia Group will incorporate treatment of tax governance and compliance as important elements of oversight. Korkia Group will have in place tax risk management strategies to ensure full identification and evaluation as well as ensure JV partners have not been convicted of tax fraud or tax evasion.

Fair Competition

Korkia Group will ensure activities are executed with all applicable competition laws and regulations in mind, considering the competition laws of all jurisdictions in which the activities may have anti-competitive effects and refrain from entering into or carrying out anti-competitive agreements among competitors. Korkia Group will promote employee awareness of the importance of compliance with all applicable competition laws and regulations and train senior management in relation to competition issues. Lastly, Korkia Ltd. will ensure JV partner companies or its senior management, including senior management or its subsidiaries have not been found in breach of competition laws.

Governance practices

Korkia Group aspires investment targets with strong governance application and execution, owner steering, quality of operational leadership and the board of the

companies, diversity and incentives, accounting, and corruption.

4.4 Exclusions

Net proceeds from Korkia Ltd.'s green financing will not be allocated to the fossil fuel industry (energy generation, infrastructure and machinery, processing, extraction, etc.), fossil fuel based transportation, renewable energy that expands the capacity of oil and gas, buildings directly heated by fossil fuels, nuclear energy generation, weapons and defence, potentially environmentally negative resource extraction (e.g. mining of rare minerals), gambling, alcoholic beverages or tobacco, and livestock.

5. *Transparency and Reporting*



This policy will be reviewed annually by the Board of Korkia Ltd and Korkia Capital Ltd and published on Korkia Groups's website.


In addition, Korkia Group will publish a sustainability report annually. Korkia Capital Ltd will publish a statement on principal adverse impacts until 30th June annually.





Appendix: Mapping of Sustainability factors, SDGs and Principal adverse impact indicators

In order to link the different although similar business operations of Korkia Group, the below mapping was established. For instance, Korkia Group has developed a sustainability policy based on the material sustainability factors mentioned above. These are connected to the relevant PAI indicators that Korkia Capital Ltd. reports on (note that the additional PAI indicators are not necessarily reported upon). The business operations of Korkia Ltd. are directly connected to the sustainability factors via the Green Finance Framework which outlined eligibility criteria based on the EU Taxonomy's climate change mitigation objective, Do No Significant Harm principles and Minimum Social Safeguards.

The below table also shows the connection to the SDGs. Korkia Group has selected three SDGs as its focus (SDGs 7, 9, and 13) areas in business operations. The table clarifies the connection between Korkia Group's material sustainability factors, SDGs and PAI indicators.

<i>Sustainability Factor</i>	<i>Sustainable development goals (SDG) and (sub-) targets</i>	<i>Principal adverse impact (PAI) indicators</i>
Environmental factors		
Climate Change	<p>SDG 13 Climate Action SDG 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>SDG 7 Ensure access to affordable, reliable, sustainable and modern energy for all SDG 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <div style="display: flex; justify-content: space-around;">   </div>	<p>Statement on principal adverse impacts of investment decisions on sustainability factors:</p> <p>PAI indicator 1. GHG emissions PAI indicator 2. Carbon footprint PAI indicator 3. GHG intensity of investee companies PAI indicator 4. Exposure to companies active in the fossil fuel sector PAI indicator 5. Share of non-renewable energy consumption and production PAI indicator 6. Energy consumption intensity per high impact climate sector</p> <p>Additional climate and other environment-related indicators: PAI indicator 4. Investments in companies without carbon emission reduction initiatives</p>
Pollution Prevention and Control	<p>SDG 12 Responsible Consumption and Production SDG 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle,</p>	<p>Statement on principal adverse impacts of investment decisions on sustainability factors:</p> <p>PAI indicator 8. Emissions to water PAI Indicator 9. Hazardous waste and radioactive waste ratio</p>

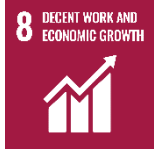


	<p>in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p> <p>SDG 14 Life Below Water SDG 14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p> <p>SDG 6 Clean Water and Sanitation SDG 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p>SDG 3 Good Health and Well-being SDG 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> 	<p>Additional climate and other environment-related indicators:</p> <p>PAI Indicator 1. Emissions of inorganic pollutants PAI Indicator 2. Emissions of air pollutants PAI Indicator 3. Emissions of ozone-depleting substances</p>
<p>Protection and Restoration of Biodiversity</p>	<p>SDG 15 Life on Land SDG 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species SDG 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands,</p>	<p>Statement on principal adverse impacts of investment decisions on sustainability factors:</p> <p>PAI Indicator 7. Activities negatively affecting biodiversity-sensitive areas</p> <p>Additional climate and other environment-related indicators:</p>


	<p>in line with obligations under international agreements</p> 	<p>PAI Indicator 14. Natural species and protected areas PAI Indicator 15. Deforestation</p>
<p>Sustainable Water Usage and Protection</p>	<p>SDG 15 Life on Land SDG 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p> <p>SDG 12 Responsible Consumption and Production SDG 12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>SDG 6 Clean Water and Sanitation SDG 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes SDG 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>   	<p>Statement on principal adverse impacts of investment decisions on sustainability factors: PAI indicator 8. Emissions to water</p> <p>Additional climate and other environment-related indicators:</p> <p>PAI Indicator 6. Water usage and recycling PAI Indicator 7. Investments in companies without water management policies PAI Indicator 8. Exposure to areas of high water stress</p>
<p>Circular Economy</p>	<p>SDG 12 Responsible Consumption and Production SDG 12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p>	<p>Additional climate and other environment-related indicators:</p> <p>PAI Indicator 13. Non-recycled waste ratio</p>

	<p>SDG 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>SDG 8 Decent Work and Economic Growth SDG 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead</p> <p>SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation SDG 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> </div> <div style="text-align: center; margin-top: 10px;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div>	
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Social & Governance factors

<p>Human Rights</p>	<p>SDG 8 Decent Work and Economic Growth SDG 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p>	<p>Statement on principal adverse impacts of investment decisions on sustainability factors:</p> <p>PAI Indicator 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</p>
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<p>Bribery Corruption</p>	<p>SDG 16 Peace, Justice and Strong Institutions SDG 16.5 Substantially reduce corruption and bribery in all their forms</p> 	<p>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters:</p> <p>PAI Indicator 15. Lack of anti-corruption and anti-bribery policies PAI Indicator 16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery PAI Indicator 17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws</p>
<p>Taxation</p>		
<p>Fair Competition</p>	<p>SDG 16 Peace, Justice and Strong Institutions SDG 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all</p> 	

<p>Governance practices</p>	<p>SDG 16 Peace, Justice and Strong Institutions SDG 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels</p> 	<p>Statement on principal adverse impacts of investment decisions on sustainability factors:</p> <p>PAI indicator 13. Board gender diversity PAI indicator 12. Unadjusted gender pay gap</p> <p>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters:</p> <p>PAI Indicator 8. Excessive CEO pay ratio</p>
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