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## **Consideration of sustainability risks**

Afalon Investment Management Oy considers sustainability risks as part of the evaluation process of investment targets selected for asset management and investment advice. Sustainability risk refers to an event or circumstance related to the environment, society, or governance, the realization of which may have an actual or potential negative material impact on the value of the investment.

Afalon avoids industries and investment products that we believe have a high sustainability risk. As a result, we have excluded the following industries/issuers from our investment universe:

- Gambling
- Activities related to coal mining
- Oil drilling in Arctic regions
- Production and distribution of adult entertainment
- The issuer is subject to sanctions imposed by the UN, EU, or the United States

The effect of taking sustainability risks into account on the yield of financial products is negative in the short term, as expenses will probably increase. The long-term effects are expected to be positive.

## **Consideration of sustainability risks in the remuneration policy**

Consideration of sustainability risks is part of Afalon's remuneration policy. The purpose of Afalon's remuneration policy is to prevent taking excessive risks, including sustainability risks. Sustainability risks are part of the qualitative factors of the remuneration policy, the purpose of which is to monitor that the staff follows the instructions on considering sustainability risks.

## **Statement on principal adverse impacts of investment advice on sustainability factors**

Afalon Investment Management takes into account the main adverse impacts of investment advice on sustainability factors. Afalon has taken due account of its size, the nature and scale of its activities and the types of financial products it makes available. In the investment advisory product portfolio, Afalon has products in accordance with Article 8 and Article 9 of the SFDR, as well as products with clear, measurable impact goals. Based on the suitability assessment before the investment consultation, information is obtained about the customer's sustainability preferences, so that the customer can be offered products in accordance with his/her sustainability preferences.

In investment advice, adverse impacts are taken into account as one part alongside other factors, such as return requirement and risk tolerance. Afalon does not select or rank financial products using indicators that describe the main adverse effects, and it has not set threshold values for the indicators used in investment advice.

## **Asset management**

### **No consideration of adverse impacts of investment decisions on sustainability factors**

The asset management service offered by Afalon Investment Management is a product in accordance with Article 6 of Regulation (EU) 2019/2088 (SFDR). Afalon does not take into account the harmful effects of investment decisions on sustainability factors due to the investment strategies followed by the company.

**Clause according to the taxonomy regulation concerning the financial product**

Regarding the asset management service offered by Afalon Investment Management Oy, Afalon states the following:

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.