

TESI'S SUSTAINABILITY POLICY

BACKGROUND, PURPOSE AND SCOPE

The sustainability policy defines the sustainability principles and objectives that apply to the operations of Finnish Industry Investment Ltd and its subsidiaries (later referred to as "Tesi"), as well as the related reporting practices. The policy applies to the entire Tesi Group, excluding Industrial Subsidy Ltd, which follows separate guidelines and principles governing its activities.

The sustainability policy covers the responsibility of Tesi's own operations, as well as company-level responsibility and impact through Tesi's investment activities. In investment activities, the policy applies both to Tesi's direct portfolio companies and to fund investments.

Tesi's sustainability framework consists of responsibility and the impact generated by its portfolio companies. Responsibility refers to the responsible conduct of Tesi and its portfolio companies in relation to the economy, environment, people, and good governance. In this policy, impact refers to the positive effects on the economy, society, and the environment that are generated through Tesi's investment activities. Tesi's impact, i.e. the intended outcomes of its operations, is described in Tesi's strategy. The realisation of Tesi's impact is described in the impact review.

State ownership policy guidelines on corporate responsibility and remuneration practices guide the development of Tesi's sustainability. In addition, Tesi takes into account in its operations the Finnish government programme and the UN Agenda 2030 sustainable development goals (SDGs), as well as the long-term targets set by the Finnish government (e.g., the 2035 carbon neutrality goal).

Tesi's Board of Directors approves the sustainability policy and monitors its compliance. The Board of Directors also approves sustainability objectives as part of Tesi's operational plan and remuneration objectives. Responsibility for managing sustainability lies with the CEO and the Sustainability Manager. The entire staff is responsible for implementing the principles and objectives of the sustainability policy in their own work.

1. BASIC PRINCIPLES OF SUSTAINABILITY

The goal of Tesi's sustainability work is to develop the operations of both the company itself and its portfolio companies with business objectives in mind, while also contributing to the development of sustainability. The starting point is to identify the most significant positive and negative impacts, risks, and opportunities associated with its activities, and to promote sustainable practices to an appropriate extent. In addition to its investment activities, Tesi promotes the development of sustainability in the market by, for example, engaging in active dialogue with other investors, producing research, and sharing sustainability-related tools and best practices.

To support its sustainability work, Tesi carried out a double materiality assessment in 2025 in line with the EU Corporate Sustainability Reporting Directive (CSRD). Based on the results of the assessment, a framework describing the sustainability practices of portfolio companies has been developed. Material topics, to which Tesi pays particular attention in its investment activities, have been defined from the themes of the framework. Other topics included in the framework may also be material for individual portfolio companies, depending on the nature of their operations and their operating environment. The material topics set the frame for reporting and for interaction with portfolio companies. The same framework is applied, where relevant, in assessing the responsibility of Tesi's own operations.

	PROSPERITY	ENVIRONMENT	PEOPLE	GOVERNANCE
RESPONSIBLE CONDUCT OF PORTFOLIO COMPANIES	○ Innovation ○ Competence and jobs ○ Security of supply, security and resilience ○ Value chain and network effects ○ Exports and economic well-being ○ Tax footprint	○ Climate change and energy use ○ Circular economy ○ Water and wastewater ○ Air pollution ○ Biodiversity and ecosystems	○ Labour practices ○ Diversity and equality ○ Human health and well-being ○ Occupational health and safety ○ Human rights	○ Business ethics and governance ○ Risk management ○ Cybersecurity and data management ○ Stakeholder relations ○ Supply and distribution chains
IMPACT GENERATED BY PORTFOLIO COMPANIES				
	Economy	E	S	G
LEVELS OF SUSTAINABILITY	AREAS OF SUSTAINABILITY			

Sustainability framework for portfolio companies. Material topics are shown in bold.

2. RESPONSIBILITY PRINCIPLES

Environment

Tesi takes into account the goals of the Paris Agreement and the national carbon neutrality target in its operations, and monitors the climate and environmental impacts of its operations, for example through annual carbon footprint calculation.

Environmental impacts from Tesi's own operations are relatively small compared to those arising through its investment activities. Tesi expects its portfolio companies to identify and reduce the harmful climate impacts of their operations, and to assess and manage the risks climate change poses to their business. Portfolio companies are encouraged to use internationally recognised frameworks and initiatives when analysing and reporting on their climate impacts, risks, and actions. Portfolio companies are also encouraged to set concrete, measurable, and science-based targets for their climate work.

Tesi also strives to reduce environmental burden in its own operations. A significant share of the greenhouse gas emissions from Tesi's own operations arises from purchases related to IT products and services and from business travel, particularly air travel. Tesi considers environmental perspectives, where possible, in procurement, travel, and other operational choices, and aims to favour low-emission alternatives.

Low-emission mobility among staff is supported, for example, through an employer-subsidised commuter ticket. Remote participation in Tesi's internal events is enabled through appropriate meeting practices and tools.

People

Tesi respects human rights and seeks to ensure that its operations do not cause adverse impacts on human rights. In its own operations, Tesi promotes diversity and equality, occupational health and safety, and competence development. Tesi has principles, monitoring practices, and an action plan in place for equality and non-discrimination. Tesi also regularly monitors employee well-being and the state of the work community, including a sense of belonging.

Tesi requires respect for human rights and good labour practices also from its portfolio companies and fund management companies. Tesi's employees and stakeholders have access to an anonymous whistleblowing channel through which misconduct and possible human rights violations can be reported confidentially and anonymously.

Tesi expects its portfolio companies to consider international standards and initiatives in their operations. Tesi also encourages its portfolio companies to take social responsibility goals and the assessment of their impacts into account in subcontractor relationships and other partnerships in their value chains.

Governance

Tesi's governance complies with the principles of state ownership steering. In addition to regulation and the Articles of Association, Tesi applies the Finnish Corporate Governance Code for listed companies, as applicable. In line with the Code, the objective is to promote transparency, comparability, and good governance, and to harmonise information provision. In addition to complying with laws and good governance principles, Tesi complies with international norms and agreements concerning, for example, employee rights and the environment. Tesi expects its portfolio companies to comply with corresponding principles.

Tesi's ethical business principles are compiled in its Code of Conduct, which is publicly available on the Group's website. All employees of the Group commit to complying with the principles and practices defined in it. Tesi also promotes good governance and conduct in line with ethical business principles in its portfolio companies.

Tax responsibility

Tesi commits itself, and expects its portfolio companies to commit, to comply with tax laws in Finland and in other countries of operation. We do not accept tax evasion and do not engage in aggressive tax planning.

Tax matters are carefully assessed during the due diligence phase of investments. If it appears that a target is clearly aiming to avoid paying taxes, Tesi will not make an investment. We pay taxes in Finland on all our income in accordance with Finnish tax law. We do not receive tax advantages from foreign fund investments. In line with industry practice, we invest in typical fund structures that are flow-through entities.

We report the taxes we pay in accordance with Finnish accounting practices and disclose the geographical domicile of our fund investments as well as other information required of state-owned companies. Tesi does not invest in companies registered in EU's list of non-cooperative jurisdictions for tax purposes. We only invest in funds domiciled in countries that have signed an information exchange agreement with Finland.

Board of Directors outlines Tesi's principles related to taxation.

3. PRINCIPLES FOR RESPONSIBLE AND IMPACTFUL INVESTING

Tesi's most significant impacts are generated through its investment activities, which is why responsibility and impact are a key part of Tesi's investment activities. Tesi makes investments either directly as an investor or by managing investment capital on behalf of others, the most significant being the Funds of Funds (KRR)¹. Investment activities are divided into fund investments and direct investments. In fund investments, Tesi invests in funds managed by management companies, and in

¹ The Funds of Funds (KRR) are subject to the EU's SFDR regulation (SFDR, EU 2019/2088). The disclosures required under the SFDR can be found on Tesi's website (in Finnish only).

direct investments, it invests directly in portfolio companies. Unless otherwise noted, the principles and practices for investment activities described in this policy apply to both categories. In managing liquid assets, Tesi considers good practices in responsible investment. Principles related to asset management are not described further in this policy.

Through its investment activities, Tesi aims to support the development of the Finnish private equity market and the growth and internationalisation of companies. In addition, Tesi's portfolio companies, owned directly and indirectly via funds, create positive impacts on Finland's economy, environment, and people through their own business activities. The intended positive impacts are described in greater detail in the sustainability framework for portfolio companies presented in this policy.

Tesi has defined five investment themes through which it particularly aims to advance the intended impacts: deep technology, clean economy, health & life sciences, defence and dual-use technology, and software and services. In addition to these themes, Tesi also invests in other industries.

Tesi is committed to following the UN Principles for Responsible Investment. Tesi requires openness from portfolio companies regarding sustainability development, as well as compliance with the principles defined in this policy, which also guide Tesi's own operations.

Fund managers are required to be aware of Tesi's sustainability policy in force at the time of Tesi's investment and to bring any potential conflicts to Tesi's attention during the investment period.

Practices for responsible and impactful investing

Sustainability is integrated into Tesi's investment processes at their various stages. Sustainability-related assessment and monitoring practices are an integral part of investment activities and are implemented by those responsible for each investment project. The key methods for promoting sustainability are exclusions and enhanced due diligence, consideration of sustainability aspects in investment decisions, and active ownership.

Exclusion policies and additional due diligence

Tesi's starting point is a comprehensive assessment of investment targets rather than exclusions. However, Tesi generally excludes from its investment activities, on ethical grounds, certain activities. These are: weapons prohibited or restricted by international arms control treaties ratified by Finland, products or activities deemed illegal by international conventions, adult entertainment, gambling and similar businesses, tobacco-related activities, narcotics, fossil fuels and activities based on them, and radioactive materials and related products (excluding small nuclear power plants and devices used for medical or quality control purposes). The exclusion list is included in Tesi's internal *Investment Criteria* document.

Fund managers are required to be aware of Tesi's exclusion criteria at the time of Tesi's investment and to bring to Tesi's attention any potential conflicts between the fund's planned investments and Tesi's exclusion criteria.

In direct investments, Tesi conducts additional due diligence on investment targets whose operations involve specific responsibility issues. The additional due diligence applies to the following sectors and activities:

- activities likely to cause significant harm to EU environmental goals (DNSH)
- defence industry, conventional weapons, and related activities
- dual-use products and technologies, or products and technologies with (notable) dual-use potential
- activities based on genetically modified organisms (GMOs)

- cryptocurrencies and related activities
- video game industry
- businesses targeting or involving children
- consumption-promoting businesses

For direct investments, Tesi carries out a “Know Your Customer” assessment of investment targets in accordance with its internal guidelines. In fund investments, Tesi requires fund managers to conduct appropriate “Know Your Customer” assessments of the parties investing in the fund.

Integration of sustainability analysis into investment decisions

The assessment of both responsibility and impact of investment targets is integrated into Tesi’s investment decision-making across all investment categories. Tesi has developed tailored evaluation methods to systematically and comparably assess deal flow and investment targets. These methods are used to identify sustainability risks related to investment targets, as well as opportunities for value creation based on responsibility and impact.

On responsibility, the assessment examines the current state of the investment target’s responsible practices and identifies potential areas for development during the ownership period. Depending on the type of investment, the assessment may also involve comparisons with other market players or a suitable peer group. In direct investments, the portfolio company’s operations are assessed across governance, environmental, and social dimensions, taking into account the company’s size, industry, and other specific characteristics. The assessment may also be carried out in cooperation with other investors or by taking into account the needs of other syndicate partners. In fund investments, the assessment covers the fund manager’s responsible investment practices and the responsibility of the manager’s own operations. In addition, Tesi requires fund managers to develop and comply with their own responsible investment policies and guidelines.

Impact is assessed at various stages of the investment process. During deal flow, the assessment covers, among other things, the investment’s alignment with the impact Tesi seeks. In direct investments, the investment’s impact potential is assessed in relation to Tesi’s objectives. In fund investments, potential impacts are assessed from the perspective of both private equity market development and the impact generated through portfolio companies.

Results of the assessments are discussed at investment team and management level when necessary. Key assessment results and any agreed development actions are documented as part of the investment process.

Active ownership and monitoring of responsibility during ownership period

Tesi monitors the activities of its portfolio companies throughout the ownership period and aims to support their development through active ownership. The aim of active ownership is to promote the long-term development and value creation of portfolio companies and, when necessary, to intervene in identified issues and promote their resolution. Active ownership practices include regular dialogue with the management of portfolio companies, as well as participation in the work of boards, annual general meetings, and investment councils in accordance with Tesi’s role and position. Tesi also engages in dialogue with co-investors and fund managers, and shares tools and best practices that support the development of responsibility with its portfolio companies.

In addition to active dialogue, the development of responsibility is monitored through regular data collection and assessments. Monitoring is carried out, among other things, through annual surveys that assess portfolio companies’ responsibility practices and their development. Key findings identified through monitoring are discussed in the investment teams or the management group as needed. In addition, Tesi assesses sustainability risks related to its investment portfolio at the portfolio-level.

4. REMUNERATION

In remuneration, Tesi follows the principles of Finnish government's ownership policy. According to the policy, remuneration must be reasonable and transparent, and responsibility must be part of remuneration.

Company-level objectives are based on the economic and ownership policy objectives set for Tesi, as well as its strategy and operational plan. Promoting responsibility is one of the company-level objectives of the performance bonus system, the specific content of which is defined annually. The company-level objective covers the entire staff and management.

5. REPORTING

Tesi reports annually on its responsibility under the sustainability policy as part of its annual report, which is published on its website. Responsibility reporting follows the GRI framework. In addition, Tesi reports on its responsibility regularly, at least annually, to the state owner.

Tesi's impact is reported annually to the Ministry of Economic Affairs and Employment and publicly through the impact review. Reporting covers, among other things, information on greenhouse gas emissions from Tesi's operations, on taxation, and on the development of responsibility in the companies in Tesi's investment portfolio.

6. SUSTAINABILITY ANNUAL CALENDAR

