OBSIDO

Operating principles concerning sustainability risk consideration in Obsido Group

Version history

Date	Changes made
10.3.2021	Operating principles created
1.8.2022	Operating principles updated
22.6.2023	Operating principles updated and accepted by the board
25.6.2024	Operating principles updated and accepted by the board of Obsido Oy on 29.5.2024 and by the board of Obsido Rahastoyhtiö Oy on 5.6.2024
23.6.2025	Operating principles updated and accepted by the board of Obsido Oy on 11.6.2025 and by the board of Obsido Rahastoyhtiö Oy on 9.6.2025

Definition of sustainability risks

Sustainability risk refers to an environmental, social, or governance-related event or condition that could have a material negative impact on the value of an investment. Sustainability risks are divided into physical risks and transition risks. Physical risks refer to physical events and conditions that can negatively impact the value of an investment. Examples of physical risks include natural disasters, global warming, and rising sea levels. Transition risks, on the other hand, arise from societal changes brought about by the green transition. Examples of transition risks include changes in consumer preferences and legislation related to sustainable development.

Considering sustainability risks in Obsido Group

Sustainability risks are considered throughout the entire organizational structure of the group. The financial market participants within the group, Obsido Oy (2009249-1) and Obsido Rahastoyhtiö Oy (2823365-8), adhere to the same principles in considering sustainability risks. The responsibility for drafting principles related to sustainability risks lies with the ESG working group, which consists of individuals working in portfolio management, risk management, compliance functions, and the executive management of subsidiaries. These principles are practically applied, especially in portfolio management when making investment decisions. Additionally, our entire staff is trained on sustainability risks and broader sustainable development issues. The principles related to sustainability risks are approved by the boards of each company within the group. The boards also monitor the implementation of these principles.

Considering sustainability risks in investment operations

Obsido has signed the UN Principles for Responsible Investment and considers environmental, social, and good governance issues of the companies it invests in. Obsido's primary goal is to achieve the best possible long-term returns for our clients' investments at their chosen level of risk. By considering sustainability risks, we aim to improve the return-risk ratio of investments, as it involves minimizing potential negative financial impacts. Therefore, we strive to assess the potential impacts of sustainability risks on investment returns when selecting investment targets.

Obsido Rahastoyhtiö Oy's investment funds and Obsido Oy's asset management portfolios are based on long-term strategy and broad diversification. The strategy is implemented primarily through investments in widely diversified ETF funds. We believe that index investing is highly suitable for considering sustainability risks over the long term. We are confident that companies operating sustainably will also perform best financially in the long run, which is why their share may increase in market-value-weighted ETF funds. Similarly, the market values of companies exposed to sustainability risks are expected to decline over time, thereby reducing their representation in investment portfolios. Predicting the timing, geographical location, probability, and economic impacts of individual sustainability risks is extremely challenging. In our view, broad diversification across geographic regions and industries is one of the best ways to shield investment returns from the negative effects of sustainability risks. We are confident in the long-term realization of the green transition and acknowledge that businesses producing significant greenhouse gas emissions are subject to long-term transition risks. As such, we have identified greenhouse gas emissions as the most significant sustainability risk concerning securities investments. Several indicators measuring greenhouse gas emissions have been selected for monitoring sustainability risks in our securities investments, and our risk management function regularly monitors their progress.

Our alternative funds invest in real estate, plots, and rental apartments. When selecting investment targets for alternative funds, we consider factors such as location, energy efficiency, durability of building materials, and land use. We aim to select targets close to growth centers and with good public transportation connections. Additionally, we actively participate in the boards of housing companies in our investment targets and strive to ensure that these companies are well-managed financially, as a stable financial foundation enhances the ability of housing companies to cope with the economic impacts of potential climate risks.

In Obsido, the strategy for responsible investment involves integrating sustainability factors into investment decisions. When selecting investment targets, we assess the potential negative and positive impacts of sustainability-related issues on investment returns. We use assessments from external parties regarding the sustainability characteristics of different investment targets in our investment decisions.

Obsido uses only reputable and reliable partners in its investment activities, who have considered sustainability issues in their operations. When selecting partners, we pay attention to whether they have signed the UN Principles for Responsible Investment. Additionally, we evaluate the potential partner's sustainability reporting and adherence to the European Union's sustainability-related investment regulations.

Considering sustainability risks in investment advice

Sustainability risks are considered in the investment advice given by Obsido Oy to its clients. When assessing a client's sustainability preferences, our investment advisors discuss with the client what sustainability risks mean and how these risks are taken into account in the products recommended to clients. Information about considering sustainability risks is also provided in product-specific materials available on Obsido's website.

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