

SUSTAINABILITY-RELATED DISCLOSURES

This page contains product-specific sustainability-related information of Armada Fund VI (the “**Product**”).

*Tämä sivu sisältää tuotekohtaista kestävyysliitännäistä tietoa Armada Fund VI -rahastosta (“**Tuote**”).*

1 **Summary /Tiivistelmä**

This Product promotes environmental and social characteristics (the consideration of climate change, international norms (UN Global Compact principles (UN GC) and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises), and gender diversity, but does not have as its objective sustainable investment. Sustainability indicators used to measure the attainment of the E&S characteristics are amount of carbon footprint, greenhouse gas intensity, violations of international norms (UN GC/OECD Guidelines), and board gender diversity.

Further, the Product makes use of environmental, social, and governance (“**ESG**”) integration, meaning that ESG factors are an integral part of investment decision making and monitoring. Engagement is also part of the environmental and social investment strategy of the Product. Armada actively engages with investee companies, together with the owners.

The Product’s investment strategy comprises senior loans, junior loans, and equity co-investments in small and medium-sized companies in the Nordics and the DACH region. The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product include exclusion list defined in Armada’s Responsible investment policy and the ESG margin ratchet. An ESG margin ratchet works as an additional pricing incentive for the borrower on top of the traditional leverage based margin ratchet. The ESG margin ratchet is always individually negotiated based on the evaluation of which promoted characteristic is most important to the individual investee company. ESG margin ratchet can be utilized to incentivize an improvement of one or more promoted characteristics. In accordance with the ESG integration, sustainability factors are an integral part of investment decision making and monitoring.

The assets are allocated so that all the investments made by the Product are used to meet the environmental and social characteristics promoted by the Product in accordance with the binding elements of the investment strategy.

The environmental and social characteristics promoted by the Product and the sustainability indicators are monitored throughout the lifecycle of the Product by gathering relevant information from the investee companies, main owners of the investee companies, public sources, and third-party service providers. Armada has an established process for evaluation and ESG due diligence of investee companies as well as for identification and monitoring of material sustainability factors in its investee companies.

Sustainability indicators are used to measure how the environmental and social characteristics promoted by the Product are met. There are certain limitations to the methodologies and the data sources e.g. some data is based on estimates. However, such limitations do not affect how

the environmental or social characteristics promoted by the Product are met, as Armada takes into consideration the impact of limitations.

No index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Product.

Tämä tuote edistää ympäristö- ja sosiaalisia ominaisuuksia (ilmastonmuutoksen, kansainvälisten normien (YK:n Global Compact -periaatteet ja Taloudellisen yhteistyön ja kehityksen järjestön (OECD) monikansallisia yrityksiä koskevat suuntaviivat) sekä sukupuolten välisen tasa-arvon huomioon ottaminen, mutta sen tavoitteena ei ole olla kestävä sijoitus. Kestävyyssindikaattorit, joilla mitataan E&S-ominaisuuksien saavuttamista, ovathiilijalanjälki(luokat 1-3), kasvihuonekaasujen intensiteetti, kansainvälisten normien rikkominen (YK:n Global Compact -periaatteet ja OECD:n suuntaviivat) ja sukupuolten välinen tasa-arvo hallituksessa.

Lisäksi tuotteessa hyödynnetään ESG-integraatiota, mikä tarkoittaa, että kestävyystekijät ovat olennainen osa sijoituspäätösten tekemistä ja seurantaa. Vaikuttaminen on myös osa tuotteen sijoitusstrategiaa. Armada pyrkii aktiivisesti vaikuttamaan sijoituskohteena oleviin yrityksiin yhdessä mahdollisten muiden omistajien kanssa.

Tuotteen sijoitusstrategia käsittää senior-lainoja, junior-lainoja ja oman pääoman ehtoisia sijoituksia pieniin ja keskiin yrityksiin Pohjoismaissa ja DACH-alueella. Sijoitusstrategian sitovat elementit, joita käytetään sijoitusten valinnassa kunkin tällä rahoitustuotteella edistettävän ympäristöllisen tai sosiaalisen ominaisuuden saavuttamiseksi, ovat Armadan vastuullisen sijoittamisen politiikassa määritelty poissulkemisluekko ja niin sanottu ESG-marginaalin käyttö. ESG-marginaali toimii lisähinnoittelukannustimena lainanottajalle. ESG-marginaali neuvotellaan aina yksilöllisesti riippuen sijoituskohteesta. ESG-marginaalia voidaan käyttää edistämään yhtä tai useampaa edistettävää ominaisuutta. ESG-integraation mukaisesti kestävyystekijät ovat olennainen osa sijoituspäätösten tekemistä ja seurantaa.

Varat allokoidaan siten, että kaikki tuotteen tekemät sijoitukset käytetään tuotteen edistämien ympäristöön ja yhteiskuntaan liittyvien ominaisuuksien edistämiseksi sijoitusstrategian sitovien elementtien mukaisesti.

Tuotteen edistämiä ympäristöllisiä ja sosiaalisia ominaisuuksia ja kestävyysindikaattoreita seurataan koko tuotteen elinkaaren ajan keräämällä asiaankuuluvia tietoja sijoituskohteina olevilta yrityksiltä, sijoituskohteina olevien yritysten pääasiallisilta omistajilta, julkisista lähteistä ja kolmansien osapuolten palveluntarjoajilta. Armadalla on vakiintunut prosessi sijoituskohteena olevien yhtiöiden arviointia ja ESG due diligence -tarkastusta varten sekä sijoituskohteena olevien yhtiöiden olennaisten kestävyystekijöiden tunnistamista ja seurantaa varten.

Kestävyysindikaattoreilla mitataan, kuinka Tuotteen edistämät ympäristöön ja yhteiskuntaan liittyvät ominaisuudet toteutuvat. Menetelmissä ja tietolähteissä on tiettyjä rajoituksia, esimerkiksi mikäli osa tiedoista perustuu arvioihin. Tällaiset rajoitukset eivät kuitenkaan vaikuta siihen, miten Tuotteen edistämät ympäristöön tai yhteiskuntaan liittyvät ominaisuudet toteutuvat, sillä Armada ottaa huomioon rajoitusten vaikutuksen.

Indeksiä ei ole määritetty viitearvoksi Tuotteen edistämien ympäristöön tai yhteiskuntaan liittyvien ominaisuuksien toteutumiseksi.

2 No sustainable investment objective

This Product promotes environmental and social characteristics but does not have as its objective sustainable investment.

3 Environmental and social characteristics of the financial product

This Product promotes the consideration of climate change, international norms (UN Global Compact principles (UN GC) and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises), and gender diversity.

4 Investment strategy

The Product's investment strategy comprises senior loans, junior loans, and selected equity co-investments in small and medium-sized companies in the Nordics and the DACH region. Armada's disciplined and credit-oriented investment approach is fostered and maintained when evaluating and selecting investment opportunities in relation to the Product. In the careful selection of investee companies, the Product makes use of environmental, social, and governance ("ESG") integration, meaning that ESG factors are an integral part of investment decision making and monitoring. The Product's investments are expected to be diversified across a variety of sectors. However, Armada complies with its exclusion list as specified in Armada's Responsible Investment Policy. The exclusion list is always used in investment selection processes. Armada also excludes companies that do not fit its investment standards e.g. companies, which are not compliant with international norms (UN GC and OECD Guidelines for Multinational Enterprises).

The Product invests in accordance with Armada's responsible investment policy as well as Principles for Responsible Investment supported by the United Nations (PRI), and respective policies of the Finnish Venture Capital Association (FVCA), and Invest Europe. Therefore, Armada is committed to complying with ESG methodology and ESG due diligence to select investments that embody the Product's environmental and social characteristics.

Depending on the results of the due diligence assessment, Armada will decide whether the company fulfills Armada's minimum ESG criteria in relation to the Product. Following the investment decision, Armada's ESG criteria is incorporated into the monitoring practices during the holding period of the investment. However, infringement of regulations or serious company-specific events will lead to a re-evaluation of the investment in the company.

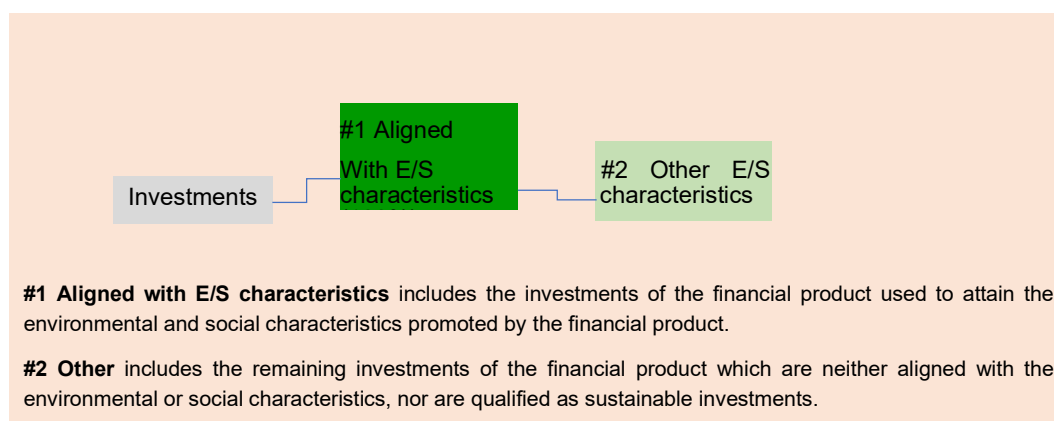
The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product include exclusion list defined in Armada's Responsible investment policy and the so called ESG margin ratchet. An ESG margin ratchet works as an additional pricing incentive for the borrower on top of the margin ratchet. The ESG margin ratchet is always individually negotiated based on the evaluation of which promoted characteristic is of most important to the individual investee company. ESG margin ratchet can be utilized to incentivize an improvement of one or more promoted characteristics. In accordance with the ESG integration, sustainability factors are an integral part of investment decision making and monitoring.

Regarding the policy to assess good governance practices of the investee companies, as part of the due diligence processes and discussions with other stakeholders in relation to the investee companies, good governance practices of the investee companies are assessed by reviewing e.g. investee companies' codes of conduct or ethical business guidelines; supplier

codes of conduct; policies and procedures in relation to anti-bribery and anti-corruption, anti-money laundering (AML), antitrust, and anti-fraud; as well as the need and use of Quality Management System (e.g ISO 9001), as applicable. In addition, management structures, employee relations, remuneration of staff, and tax compliance are assessed.

5 Proportion of investments

The assets are allocated so that all the investments made by the Product are used to meet the environmental and social characteristics promoted by the Product in accordance with the binding elements of the investment strategy. The Product provides both debt and equity financing to investee companies. The Product consists of senior loans, junior loans, and equity co-investments. Thus, in principle, the exposures are considered direct.



6 Monitoring of environmental and social characteristics

The environmental and social characteristics promoted by the Product and the sustainability indicators (i.e. carbon footprint, greenhouse gas intensity, violations of international norms (UN GC and OECD Guidelines for Multinational Enterprises), and board gender diversity) are monitored throughout the lifecycle of the Product by gathering relevant information from the investee companies, main owners of the investee companies, public sources, and third-party service providers. Further, the information gathered from different sources is cross-checked. The environmental and social characteristics promoted by the Product are monitored in connection with the ESG due diligence as well as periodic reporting.

7 Methodologies for environmental and social characteristics

Sustainability indicators are used to measure how the environmental and social characteristics promoted by the Product are met.

8 Data sources and processing

Investee companies, main owners of the investee companies, public sources, and third-party service providers as well as potential sponsor lead ESG due diligence reviews are used as data sources used to attain each of the environmental and social characteristics promoted by the Product. The data quality is ensured by gathering data directly from the investee companies by using reputable third-party service providers. Further, other information sources (e.g. public sources and third-party service provider scores) are used and the information gathered from different sources is cross-checked.

Third-party service provider continuously seeks to improve the accuracy of its indicators by using the best available information and statistical methods for integrating information from different sources. For estimates, the third-party provider measures accuracy as the deviation between disclosure data and estimates corresponding to those disclosures.

At the present, based on the initial analysis conducted by Armada, the majority of the data are estimates. This is due to the fact that Armada's target companies often do not have yet regulatory sustainability reporting obligations and therefore no sustainability reports are produced. Armada raises the question on data availability at the initial screening of the potential investment and often times works together with a sponsor to obtain the data at the investment stage.

9 Limitations to methodologies and data

There are certain limitations to the methodologies and the data sources. Gathering data directly from the investee companies may be challenging if the Product is offering debt financing or the Product's ownership share is small. Further, as the data may contain estimations, there may be minor deficiencies in the collected data.

Such limitations do not affect how the environmental or social characteristics promoted by the Product are met, as Armada takes into consideration the impact of limitations prior to selecting investee companies. Further, estimations are used only if there is no exact data available.

10 Due diligence

Armada conducts ESG due diligence in accordance with its Principles on Sustainability Risks and Principal Adverse Impacts. First, potential investment targets are considered with the Partnership's set exclusion criteria in mind. These are described in the Armada's Responsible Investment Policy and the Partnership's investment policy.

Second, assuming an investee candidate passes the first step, the case is then discussed in a weekly team meeting where relevant E&S characteristics and sustainability risks are discussed, and any potential concerns are highlighted. Assuming the entire Armada's investment team is positive for the deal team to continue pursuing the opportunity, an initial ESG assessment is then conducted and matters that should be further elaborated in full due diligence are established. The potential effect of the identified sustainability risks and opportunities on the target company's value preservation or creation is evaluated at this stage. Also, before the deal team moves to full due diligence, a meeting of the Armada's industrial advisory board (IAB) is held where the deal team gathers input for any further ESG considerations and sustainability risks from IAB members.

Third, full due diligence is carried out, including ESG due diligence, as appropriate by the deal sponsor.

For ESG due diligence, Armada has an ESG due diligence tool and an established process for ESG due diligence of investee companies as well as for identification and monitoring of material ESG factors in its investee companies. The analysis consists of predetermined phases and considers material sustainability factors associated with the company, identification and evaluation of sustainability risks, and how the company manages those sustainability risks. Due diligence consists of document reviews, management interviews, and searches from public sources. In the due diligence face, the target's readiness to report principal adverse impact data

is considered. Based on the information in the review, Armada sets the individual targets for incentivizing the company to reduce the adverse impacts on the promoted characteristics.

11 Engagement policy

Armada's approach to engaging the portfolio companies is described in the Principles on Sustainability risks and Principal Adverse Impacts and Armada's Responsible Investment Policy. Engagement is part of the environmental and social investment strategy of the Product. Armada actively engages with investee companies, together with possible other owners. Engagement is particularly important when Armada has the ability to influence the portfolio company through board operations.

12 Designated reference benchmark

No index has been designated as a reference benchmark to meet the environmental and social characteristics promoted by the Product.