



Corporate Responsibility Review

eQ Group



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1 PRESENTATION

1.1 Purpose

eQ Group is a Finnish group of companies that specialises in asset management and corporate finance business. The parent company eQ Plc's share is listed on Nasdaq Helsinki. The Group offers its clients services related to mutual and private equity funds, discretionary asset management, structured investment products, investments insurance policies and a wide range of mutual funds offered by international partners. The asset management clients are institutional investors and private individuals. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

The purpose of this document is to describe eQ Group's role as a responsible company in relation to its close stakeholders and society at large. The review has been drawn up for the first time regarding the year 2017. Even though eQ, based on the size of the Group and its operations, is not obliged to draw up a corporate responsibility review, the Board of Directors of eQ Plc has decided to voluntarily report on responsibility issues to investors and stakeholders. eQ Group's Corporate Responsibility Review 2017 has been approved by eQ Plc's Board of Directors and will be published as part of the Annual Report 2017.

eQ Group participates in a pilot project for responsibility reporting that Nasdaq launched in 2017. This review follows Nasdaq's ESG reporting guidelines for Nordic and Baltic countries (ESG Reporting Guide – A Support Program for Nasdaq Issuers, Focus Area: Nordic & Baltic Markets: http://business.nasdaq.com/media/ESG-Reporting-Guide_tcm5044-41395.pdf) for the parts that are relevant to eQ's operations. The titles of the areas presented in the report follow the order in Nasdaq's guidelines, and under each heading, there is a reference to the items in the Guide that the paragraph gives answers to. More information on Nasdaq's guidelines can be found on Nasdaq's website.

1.2 Responsible business and responsible investment

One of the Group's business areas is asset management, in which area eQ has for several years acted as an active forerunner for responsible investments. There is more information on responsible investment operations on eQ's website, which also contains, e.g. eQ Asset Management Lt's Principles for Responsible Investments and eQ Fund Management Company Ltd's Aims and Methods of Corporate Governance. eQ encourages the companies that it invests in to transparent stakeholder information and the development of responsibility reporting, regardless of the size of the company or regulatory requirements.

The Principles of Responsible Investment cover all of eQ's investment areas: traditional asset management, real estate asset management, and private equity asset management. When selecting equity and fixed-income investments for traditional asset management, the portfolio manager takes into account not only financial aspects but also questions related to the environment, social responsibility and governance, including the quality and extent of the investment object companies' responsibility reporting. The investment operations of the real estate



asset management segment always consider the responsibility of the operations, in addition to financial aspects. When property is acquired, due diligence reports are prepared for assessing the building, land, real estate company and main tenants. The assessment and development measures comprise, e.g. the energy efficiency and water consumption of the property. As part of the due diligence process for investments, private equity asset management always studies the target fund management company's policy on responsible investment. eQ continuously assesses responsibility aspects related to its private equity investments. In connection with each quarterly report sent to investors, eQ produces an assessment of the state of each target fund regarding responsible investment as well as of the ESG events related to the fund.

More information on eQ Asset Management's responsible investments can be found on eQ's website (<https://www.eq.fi/fi/funds/responsible-investment>)

2 ENVIRONMENTAL RESPONSIBILITY

(Nasdaq ESG Reporting Guideline: E1. Direct & Indirect GhG Emissions, E2. Carbon Intensity, E3. Direct & Indirect Energy Consumption, E4. Energy Intensity, E5. Primary Energy Source, E6. Renewable Energy Intensity, E7. Water Management, E8. Waste Management, E9. Environmental Policy, E10. Environmental Impacts)

The business operations of eQ Group have relatively low environmental impacts. Energy consumption is mainly related to the energy consumption of the premises. eQ monitors the consumption of electricity and assesses together with the electricity producer the share of the consumed electricity that is produced with renewable energy, for instance. eQ's premises are modern and exploit technological solutions that promote energy efficiency. The premises have been rented. Consequently, the heat and water consumption as well as the air conditioning (district cooling) is included in the rent, and consumption data regarding them are not available from the lessor.

eQ encourages its employees to use public transport. The employees are offered a travel ticket as employee benefit, and when travelling to clients in the near-by area, the employees have access to public transport travel cards. The company prefers direct flights, and when possible negotiations are conducted with remote negotiation technologies.

The lessor of the premises used by eQ is responsible for waste management. eQ takes care of the sorting and recycling of the office waste produced on its premises.

eQ Group does not publish a separate Environmental Policy. eQ has not been engaged in legal proceedings or claims concerning environmental accidents.



Energy consumption	2017	2016
Electricity consumption, kwh	106 527	105 975
Origin of electricity: *		
Share of renewable energy, %	25%	25%
Share of nuclear power, %	42%	42%
Share of fossil fuels, %	33%	33%
Specific carbon dioxide emissions of electricity, g/kwh, *	198	198
Nuclear fuel used in electricity, mg/kwh, *	1.2	1.2
Carbon dioxide emissions of electricity, total, kg *	21 092	20 983
Carbon dioxide emissions of electricity per net revenue, g/EUR	0.52	0.59
Electricity consumption per rented office square metre, kwh	64	64
Electricity consumption per person, kwh	1 268	1 325

*Estimate for 2017

3 SOCIAL RESPONSIBILITY

3.1 eQ as employer

(S3. Employee Turnover Ratio, S4. Gender Diversity, S5. Temporary Worker Ratio, S7. Injury Rate)

The aim of eQ Group is to act as a responsible employer. The personnel is eQ's most important resource, as professional and committed employees are the key to good customer services, investment operations, and counselling.

The Group personnel's commitment and satisfaction are at an excellent level. The results of the annually conducted study on well-being at work were excellent in 2017. The study deals with the personnel's commitment, well-being at work, satisfaction with the work community and the work of the superior. On a scale from 1 to 5, job satisfaction and well-being at work received the score 4.3 and the likelihood that the employee would recommend eQ Group as employer 4.4. The response rate was high at 81%. The personnel study is one of eQ's most important tools for developing internal working methods and the quality of managerial work.

eQ wishes to invest in the well-being of its personnel. The Group offers its personnel extensive occupational health care, employee benefit vouchers and other welfare services, for instance. The emphasis of occupational health care lies strongly on preventive measures.

Development discussions are conducted with the entire personnel in all Group companies. The discussions are conducted at least once a year and they assess the performance of the previous



period and set targets for the following one as well as assess, e.g. the need to develop the employee, managerial work and the work community.

eQ's employees may participate in training offered by the employer and partners or study independently. The Group is favourably disposed to studies at the employees' own initiative. Study leaves are granted and the studies are supported with different work arrangements.

Calculated as full-time resources, eQ Group had 84 employees at the end of 2017. When calculating full-time resources, part-time employees and those on parental and study leave have been included. Altogether 89 persons had an employment relationship with eQ, and six of them worked part-time. Part-time employees are used for seasonal tasks or projects.

Of the personnel, 36% were women and 64% men. The average age of the personnel was 39.8, and the employee turnover rate was 8.4%. In 2017, the average sick leave of the personnel was 2.3 days per person and there was one occupational accident.

Personnel	2017	2016
Personnel as full-time resources	84	80
Permanent employment relationship	83	80
Temporary employment relationship	6	4
Employment relationship, total	89	84
Share of temporary employees, %	6.7%	4.8%
Full-time, total	83	80
Part-time, total	6	4
Age and gender distribution, no.		
18–30 years total, (F/M)	19 (4/15)	13 (3/10)
31–40 years total, (F/M)	30 (11/19)	29 (9/20)
41–50 years total, (F/M)	18 (8/10)	23 (9/14)
51–60 years total, (F/M)	20 (9/11)	18 (9/9)
61– years total, (F/M)	2 (-/2)	1 (-/1)
Total	89 (32/57)	84 (30/54)
Average age of employees, years	39.8	41.5
Employment relationships based on gender, no. and %		
Women	32, 36%	30, 36%
Men	57, 64%	54, 64%
Employee turnover (%)	8.4%	6.3%
Sick leaves during the year, day per person	2.3	3.4
Registered accidents	1	3



3.2 Equal pay between genders

(S2. Gender Pay Ratio)

eQ Group pays the same salary to employees for the same or similar work regardless of gender. Similar in this respect means that the central requirements, expertise, responsibility, work load and working conditions are on the same level. The job title is not decisive. Instead, the remuneration system is based on how demanding the work is.

3.3 Equality

(S6. Non-Discrimination Policy)

Equality, justice, and non-discrimination are important principles for eQ Group. eQ has drawn up an equality plan, which comprises the measures for promoting equality and the agreed follow-up measures. The plan is assessed and updated on a regular basis and covers all Group companies. The plan is available to all employees of eQ Group in the Group's intranet.

3.4 Health and Safety Policy

(S8. Global Health & Safety Policy)

eQ Group has drawn up a policy for promoting health and safety at work and for maintaining the working capacity of the employees. It covers the needs to develop working conditions as well as the impacts and development needs of factors related to the work environment. The policy is available to all employees of eQ Group in the Group's intranet.

3.5 Principles related to human rights violation and child labour

(S9. Child & Forced Labor Policy, S10. Human Rights Policy, S11. Human Rights Violations)

eQ Group has not drawn up separate principles related to human rights violations or child labour. All operations of the Group are conducted in Finland, in one single office. Therefore, the Group can monitor operating practices related to the employees in a reliable manner.

3.6 Board diversity

(S12. Board – Diversity)

The Board's aim is to promote the diversity of the Board's composition for its part. When assessing diversity, the Board takes into consideration, for instance the age and gender of the directors, their education and professional experience, individual characteristics and experience that is essential with regard to the task and the company operations. eQ Plc has defined as goal regarding the equal representation of gender on the Board that there should always be representatives of both



genders on eQ Plc's Board of Directors. The Board aims at reaching this goal and maintaining it primarily by informing eQ Plc's owners actively about the goal.

During the financial period 2017, eQ Plc's Board met the preconditions set for company diversity, including the goal of having representatives of both genders on the Board. The following persons were on eQ Plc's Board of Directors during the financial period 2017 as from the Annual General Meeting (AGM): Georg Ehrnrooth (Chairman), Nicholas Berner, Carl Haglund, Timo Kokkila and Annika Poutiainen. The directors have versatile experience from sectors that are of importance to the company, such as the investment and finance sector and the real estate sector. In addition, the diverse work experience and education of the directors as well as their international experience complement each other. eQ Plc's Annual General Meeting elects the directors.

The Board of Directors of the company has monitored the company's diversity during the financial period 2017.

Diversity of the Board of Directors in 2017 (Board elected by the AGM held on 29 March 2017):

Directors, total	5	100%
Women	1	20%
Men	4	80%
Board members who are independent of the company	5	100%
Board members who are independent of the major shareholders	4	80%

4 GOVERNANCE

4.1 Board – separation of powers and transparent practices

(G1 Board – Separation of Powers, G2. Board – Transparent Practices)

In addition to acts and regulations applicable to listed companies, eQ Plc complies with the Finnish Corporate Governance Code published by the Securities Market Association on 1 January 2016. The entire Code is publicly available on the website of the Securities Market Association at (www.cgfinland.fi). eQ Plc draws up annually a Corporate Governance Statement required by the Corporate Governance Code separately from the report by the Board of Directors. The Corporate Governance Statement and other information that shall be disclosed in accordance with the Corporate Governance Code as well as the company's financial statements, report by the Board of Directors and auditors' report are available on eQ Plc's website (<https://www.eq.fi/fi/about-eq-group>).

According to the Board of Directors' charter, the CEO of the company or other persons employed by the company may not be elected to eQ Plc's Board.

The Board's charter, the minutes of meetings and other documents on Board operations are not publicly available. The company discloses information about events that concern the Group in



accordance with valid legislation and the company's disclosure policy. The company's disclosure policy is available on eQ's website.

4.2 Remuneration

(G3. Incentivized Pay)

eQ Group's remuneration system is based on the strategy and long-term goals defined by the Board, and it is one of the major tools used for reaching the Group's long-term and short-term strategic goals. The remuneration system contributes to good, efficient and comprehensive risk management within eQ Group and prevents above all detrimental risk-taking. The aim of comprehensive risk management is to take into consideration the goals, values and interests of the Group companies, funds under management and investors, for instance. The remuneration of the company management is not separately dependent on meeting the ESG criteria.

eQ Group's remuneration principles can be found on eQ's website (<https://www.eq.fi/fi/about-eq-group/hallinnointi/palkitsemisperiaatteet>). eQ Plc publishes a Remuneration Statement annually at the same time as the Annual Report. The Remuneration Statement for 2017 has been drawn up in accordance with the Corporate Governance Code for listed companies that entered into force on 1 January 2016, and the Board of Directors has reviewed it on 2 February 2018. eQ Plc's Remuneration Statement is available on eQ's website (<https://www.eq.fi/fi/about-eq-group/hallinnointi/palkka-ja-palkkioselvitys>).

4.3 Application of collective labour market agreements

(G4. Fair Labor Practices)

No collective agreements are applicable to eQ Group's employees, nor are they covered by the universally applicable collective agreement in Finland.

4.4 Code of Conduct

(G5. Supplier Code of Conduct, G6. Ethics Code of Conduct, G7. Bribery/ Anti-Corruption Code)

eQ has drawn up a Code of Conduct for the Group. eQ Plc's Board of Directors has reviewed and approved the Code, which defines eQ's common principles for ethical operations. eQ Group has deemed that it does not need a separate supplier code of conduct due to the low number of suppliers and their insignificance. Guidelines on bribery and anti-corruption are included in eQ Group's Code of Conduct, which states that it is prohibited to issue any improper payments or give improper advantages in business operations. According to eQ's Code of Conduct, all operations that encourage to improper acts or the misuse of a person's position are regarded as giving or taking bribes. In addition to monetary bribes, gifts, hospitality, credits, discounts, trips, personal advantages, accommodation and services may be regarded as unreasonable or improper advantages.



In addition to offering gifts, the reception or acceptance or unreasonable or improper advantages is forbidden at eQ. It is also forbidden to strive for personal advantage through customer relations. A customer relation has been established between eQ and the customer.

When giving gifts, remembering anniversaries and offering hospitality, the Group takes into account the guidelines on bribery and anti-corruption and in addition, the restrictions and principles for bribery of the receiving person or organisation and respects them. Additionally, the person's superior must always accept the giving and receiving of any gifts and hospitality.

The Group's Code of Conduct is available to the employees in the Group's intranet.

4.5 Tax transparency

(G8. Tax Transparency)

As part of this Responsibility Review, eQ reports its financial impact on society in form of taxes and charges of tax-like nature. Transparent reporting is part of responsible operations and good governance. eQ Group does not have a separate tax strategy approved by the Board. The Group pays its taxes to Finland.

eQ Group is a major tax payer. In 2017, the income tax for eQ's taxable profit paid in Finland totalled EUR 4.2 million. The Group's effective tax rate was 20.9%.

As employer, eQ pays charges related to pension, unemployment and social security and remits the withholding made from the salaries to tax authorities. The charges of tax-like nature related to the personnel that eQ Group paid in 2017 totalled EUR 2.5 million. The withholdings that eQ made from the salaries amounted to EUR 4.5 million.

The value-added tax remitted by eQ Group in 2017 totalled EUR 0.9 million. In addition, part of the value-added tax included in purchases is paid by eQ, as the operations are partly exempted from VAT.

eQ has not received any public subsidies for its operations.

Taxes, EUR 1 000	2017	2016
Taxes paid		
Income tax, Finland	4 220	3 465
Effective tax rate	20.9%	20.9%
Charges of tax-like nature payable by the employer (employee pension, social security and unemployment charges)	2 451	2 358
Taxes remitted		
Withdrawals from salaries, Finland	4 507	4 085
Value-added tax paid, Finland	871	2 031



4.6 Responsibility Review and other responsibility reporting

(G9. Sustainability Report; G10. Other Framework Disclosures)

This review has been prepared in accordance with Nasdaq's ESG reporting guidelines for Nordic and Baltic countries published in March 2017 (ESG Reporting Guide – A Support Program for Nasdaq Issuers, Focus Area: Nordic & Baltic Markets http://business.nasdaq.com/media/ESG-Reporting-Guide_tcm5044-41395.pdf).

In addition, eQ Plc's subsidiary eQ Asset Management Ltd has prepared its first report on responsible investment for the year 2016. The report is available to clients and other stakeholders at request.

eQ Asset Management Ltd has signed the United Nations' Principles for Responsible Investment (UNPRI). The Group reports to UNPRI regularly, and UNPRI assesses the responsibility of eQ's investment operations annually. eQ's latest ESG report (RI Transparency Report 2017) is available on eQ's website (<https://www.eq.fi/fi/funds/responsible-investment>)

4.7 External validation of the review

(G11. External Validation Assurance)

This review has not been validated by an external party.

The Firm of Authorised Public Accountants KPMG Oy Ab has audited eQ Plc's financial statements for the financial period 1 January to 31 December 2017. eQ Plc's Board and CEO are responsible for the other information in the Annual Report. This review is included in eQ's Annual Report and treated as "other information", as defined in the Auditors' Report. Even though the auditors do not audit other information, they have in their report assessed whether the other information essentially conflicts with the financial statement or information obtained by the auditors or if it otherwise seems to be incorrect for essential parts.