



OP Real Estate Asset Management Ltd

# Principles for Responsible Real Estate Investment

October 2023

## Contents

1. Introduction .....	3
2. ESG work at OP Real Estate Asset Management .....	3
3. Sustainability programme and targets.....	5
3.1 Implementation of the sustainability programme.....	5
4. ESG risk management .....	6
4.1 ESG factors and risks in real estate investments .....	6
4.2 ESG factors and risks in forest investments.....	7
5. ESG in direct real estate investments.....	7
5.1 ESG as part of investment decisions.....	7
5.1.1 ESG integration in investment analyses.....	8
5.2 Real estate development and modernisation.....	8
5.3 Ownership.....	10
5.3.1 Property maintenance.....	10
5.3.2 Rental services .....	10
6. ESG in real estate fund and debt investments.....	11
6.1 ESG as part of investment analysis and decision-making.....	11
6.2 Enforcement of responsibility principles .....	11
6.3 Permitted domiciles.....	11
7. ESG in forest investments .....	12
7.1 ESG as part of investment decisions.....	12
7.1.1 ESG integration in investment analyses.....	12
7.2 Ownership.....	12
8. Reporting.....	13
9. Summary.....	13



## 1. Introduction

---

OP Real Estate Asset Management Ltd is a member of OP Financial Group's business segment Corporate and Institutional Clients as part of OP Asset Management. The company's purpose is to serve its clients in real estate asset management. Investment assets managed by the company consist of residential and commercial real estate and forest assets in Finland, as well as investments in real estate funds and debts in Finland and internationally.

These Principles for Responsible Real Estate Investment complement the Principles for Responsible Investment by OP Asset Management<sup>1</sup>, which present our approach to responsible investing more broadly and describe how different sustainability factors are considered in other asset classes.

This document describes the key principles and procedures used to assess the sustainability factors of real estate, forest and debt investments managed directly and indirectly by OP Real Estate Asset Management.

## 2. ESG work at OP Real Estate Asset Management

---

Acknowledging sustainability factors in investment decisions and processes is a central and essential part of diligent investment activities. At OP Real Estate Asset Management, we review the enforcement of environmental, social, and corporate governance (ESG) factors in all our business areas and in various processes. By reviewing ESG factors, we can gain more extensive insight about an asset compared with assessing only economic factors at a given point in time. Ideally, a more broad-based analysis will also reveal risks and opportunities that may emerge later and exert a significant impact on the value and financial situation of the investment.

OP Real Estate Asset Management operates as part of OP Asset Management and its main policies related to responsible investing are approved by OP Asset Management's Senior Management Team. In addition to the main policies, OP Real Estate Asset Management follows the Principles for Responsible Real Estate Investment, which have been approved by the Board of Directors of OP Real Estate Asset Management.

OP Real Estate Asset Management has its own ESG steering group that coordinates the ESG work in real estate investments under the direction of the ESG Specialist. Over the years, OP Real Estate Asset Management has developed a decision-making framework for ESG issues. The sustainability programme and its ESG measures are integrated into all operations of our real estate investment organisation. ESG integration in investment activities is one of the cornerstones of the UN Principles for Responsible Investment. In practice, it means integrating responsibility factors into investment analysis and decision-making.

The execution of the sustainability programme is monitored regularly as part of the company's business reporting and at the ESG steering group's meetings. The ESG Specialist for real estate investment supports OP Real Estate Asset Management's portfolio managers and other specialists in both strategy work and daily operations. The ESG Specialist also works in close cooperation with the other ESG specialists at OP Asset Management. The cooperation reinforces OP Real Estate Asset Management's functions and processes related to good governance.

---

<sup>1</sup> [op.fi/responsible-investing](https://op.fi/responsible-investing)

OP Fund Management Company Ltd, OP Asset Management Ltd and OP Real Estate Asset Management Ltd were among the first Finnish fund managers to sign the UN Principles for Responsible Investment (UNPRI) in 2009. As signatories to the UNPRI, we are committed to developing the competence of all OP Asset Management employees in responsible investing. OP Financial Group is also committed to the UN Global Compact, which sets out ten principles for corporate responsibility.

We actively monitor developments in the assessment of ESG factors in real estate investments and adopt new practices in our operations based on recommendations by RAKLI<sup>2</sup>, FiGBC<sup>3</sup> and INREV<sup>4</sup>, among others. We have set several ESG objectives that guide our investment activities.

OP Real Estate Asset Management's commitments and objectives are also the basis for our principles for responsible real estate investment. We are committed to RAKLI's energy conservation target for the period 2017–2025, which aims to reduce energy consumption by 7.5% from 2015 levels. We achieved this target already in December 2018 and have since then continued our long-term work in energy conservation.

In 2020, we became one of the first companies in Finland to sign the Green Deal demolition waste examination agreement by the Ministry of the Environment and RAKLI. The commitment aims to promote circular economy. We are also committed to carbon neutral energy use in our directly managed properties by 2030 and are signatories to the World Green Building Council's commitment for Net Zero Carbon Buildings as well as the Net Zero Asset Managers initiative.

Our forest investment activities are directed by recommended good forestry practices. The recommendations are part of efforts to achieve the objectives of the Finnish National Forest Strategy. The biodiversity is protected by the PEFC<sup>5</sup> and FSC<sup>6</sup> certificates for forests, which are discussed in more detail in the chapter on sustainable forest investments.

---

<sup>2</sup> RAKLI is the Finnish association of professional property owners, real estate investors, corporate real estate managers and construction clients. In addition to representing its members' interests and developing the industry's practices, RAKLI produces information on the industry's future and best practices and tools that help members develop their operations.

<sup>3</sup> FiGBC (Green Building Council Finland) is an impartial and non-profit expert organisation serving the Finnish real estate sector, whose goal is that the built environment is a key part of the solution to climate change.

<sup>4</sup> INREV is the European Association for Investors in Non-Listed Real Estate Vehicles and the industry's leading platform for sharing knowledge.

<sup>5</sup> Programme for the Endorsement of Forest Certification schemes

<sup>6</sup> Forest Stewardship Council

### 3. Sustainability programme and targets

OP Real Estate Asset Management's new sustainability programme revised in 2020 is built on four objectives: advancing net zero emissions, progressing towards a more sustainable real estate portfolio, encouraging dialogue and wellbeing, and upholding our principles of sustainable business (image 1).

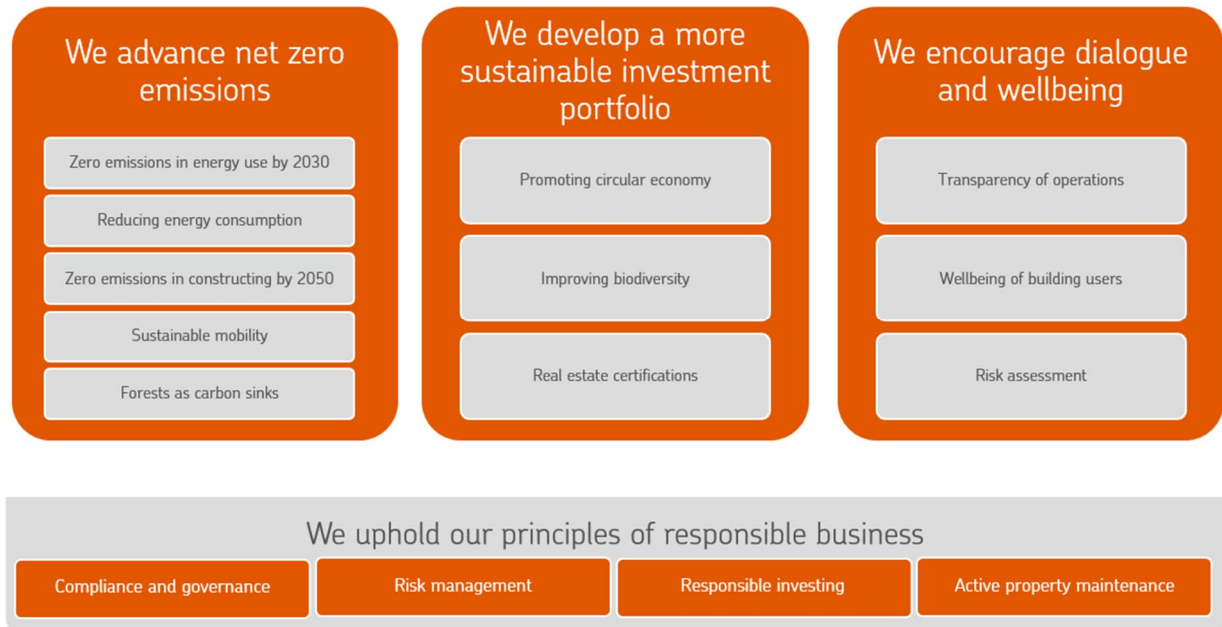


Image 1: Content and targets of OP Real Estate Asset Management's sustainability programme

Responsible real estate investment is an investing form where the returns on investments are based on sustainable methods that ensure good living and business conditions for current and future generations. Responsible investing consists of four elements: return, risks, expenses, and sustainability factors.

A broader understanding of ESG factors facilitates the realisation of long-term investment targets. Real estate investing is a long-term form of investment. Due to the long investment horizon, ESG work should also be done over the long term. For this reason, we have set several long-term targets for our operations at OP Real Estate Asset Management. Our long-term targets are supported by short-term targets that serve as important milestones.

#### 3.1 Implementation of the sustainability programme

OP Real Estate Asset Management engages in long-term work for the sustainability of real estate investments. We set the short-term targets of responsible real estate investment for one year at a time so that they are embedded into the overall targets of OP Real Estate Asset Management and support the long-term performance of our investment activities. The ESG Specialist and the ESG steering group of OP Real Estate Asset Management are responsible for the implementation of the strategies and the training of employees throughout the organisation. OP Real Estate Asset Management's remuneration policy takes into account the enforcement of the Principles for Responsible Real Estate Investment with respect to remunerations for persons responsible for the different areas of investment activities and the ESG Specialist for real estate investments.

## 4. ESG risk management

---

The consideration of ESG risks in investment analyses and decisions provides relevant additional information about the investment. Relevant ESG risks may in the long run affect the financial performance of investments and, thereby, the obtained return. An ESG risk means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment.

Climate change imposes two types of risks on investment activities: physical risks and transition risks. Global warming and flooding caused by heavy rain and sea level rise are examples of physical risks with wide-ranging adverse effects. Transition risks emerge when various entities in society transition to low carbon and carbon neutral practices. Transition risks may for example be tax reforms related to emissions. At OP Real Estate Asset Management, we strive to avoid potential transition risks by proactively transitioning to low carbon and carbon neutral practices in our operations.

The next chapter discusses in more detail the practices and methods we use to identify and manage ESG risks as well as acknowledge the main adverse impacts of our investment decisions.

### 4.1 ESG factors and risks in real estate investments

We have identified a wide range of different ESG risks in real estate investments and will take these risks into better consideration in the future. We have identified the principal climate risks of our direct real estate investments to be flooding caused by increased heavy rain and sea level rise. In the next chapters, we discuss in more detail how we take ESG factors and possible ESG risks into account in our investment activities.

The investment instrument itself can also have adverse effects on the environment and society. Real estate accounts for about 40 per cent of Finland's energy consumption and 30 per cent of total emissions. When including traffic, the built environment accounts for 60 per cent of energy consumption and 55 per cent of emissions. By considering ESG factors in our real estate investments, we can influence the emission levels of both real estate and its related traffic.

The most important decisions about the overall environmental impacts during a building's lifecycle are made already in the planning stage. A building's lifecycle refers to all stages from land use, construction planning and materials procurement to construction and all the way to demolition and the sorting of demolition waste. Choices made during the planning or construction phases cannot always be changed during a building's use, or the cost of the changes may be prohibitive. Most of the emissions from the built environment are due to energy consumption during the use of the buildings. Buildings are heated and cooled and consume electricity. Buildings are also places where significant amounts of water are consumed, and different types of waste are produced. Emissions from the manufacturing of construction materials, building construction and demolition at the end of the lifecycle account for less than a third of a building's total lifecycle emissions.

The real estate sector's role and importance is significant particularly from the perspective of the environment and climate change, but there are also other important viewpoints concerning the real estate sector's influencing opportunities. In Finland, working-aged people spend on average 90% of their time indoors, which raises buildings' indoor air quality, functionality, and comfort as important ESG factors. The role of buildings as part of local communities is also important for the promotion of sustainable development. In addition, real estate

investors have an important responsibility to observe good governance practices and identify and combat the shadow economy. As such, observing ESG factors should be an integral part of real estate investment strategy and daily operations.

## 4.2 ESG factors and risks in forest investments

A well-managed forest sequesters carbon dioxides and serves as a store for carbon. When the growth exceeds deforestation, forests act as expanding carbon sinks.

In our forest investments, we have identified several physical and transition risks caused by climate change. Global warming caused by climate change may have both positive and negative effects on forest property. A positive effect is a longer growing season, causing forests to grow faster than previously. At the same time, a warmer climate can pose many kinds of risks. Good forest management is the primary means for preventing the physical risks of climate change.

We have identified the increased frequency of storms and insects damage caused by droughts and increased risk of forest fires as major climate risks to forest investments. In addition, warmer winters may cause difficulties for timber extraction. Trees felled by storms may cause financial losses to the forest owner and increase the risk of insect damage. At present, these risks can be prepared for by taking out insurance, but it is difficult to estimate future transition risks related to forest insurances. Tax reforms may also result in transition risks to forest investments.

The concern about climate change and forest biodiversity may result in legislative reforms. Possible changes in European and international law may impose limits on deforestation in the future. On the other hand, as carbon sinks, forests may offer owners new potential for returns in the form of carbon offset products.

The risks described here are the primary ones we have identified concerning our forest investment activities. We actively monitor trends and take into consideration other potential risks caused by climate change. In the chapter "ESG in forest investments", we discuss in more detail how we take ESG factors and possible ESG risks into account in our investment activities.

## 5. ESG in direct real estate investments

---

At OP Real Estate Asset Management, we have identified the ESG factors of all our key processes as part of our new sustainability programme. We have identified and assessed ESG factors in each process. and regarding significant ESG factors we have drafted time plans for the realisation of the targets and identified the responsible roles in the processes.

As a major Finnish real estate investor with a broad network on the Finnish market, we have both the possibility and the responsibility to cut back emissions and mitigate global warming. One focus area in OP Real Estate Asset Management's sustainability programme is promoting carbon neutrality.

### 5.1 ESG as part of investment decisions

As part of each investment analysis, we systematically use diverse ESG data and include the main observations in the investment proposals presented to the investment committee. The portfolio managers collect data with

the assistance of other experts at OP Real Estate Asset Management and prepare investment proposals for the investment committee. Depending on the type of asset, we also use the services of various external experts. The ESG Specialist for real estate investments monitors that the ESG analysis has been carried out according to the Principles for Responsible Real Estate Investment.

### 5.1.1 ESG integration in investment analyses

To begin with, the investment decision is affected by the property's location and accessibility. The location of a property has critical importance in terms of climate risks and when assessing the probability of risk of flooding. In terms of accessibility, we look at the infrastructure of public and light transportation and the proximity to services. We develop our processes to meet the needs of promoting more sustainable mobility by evaluating potential investments' prerequisites for vehicle electrification, pedestrian and cyclist infrastructure and access to public transport.

As part of our investment analysis, we also assess the property's lifecycle plan and convertibility and the potentials to develop the lifecycle plan. Our goal is to maintain the buildings in good condition and thus prolong their lifecycle. In our investment analysis, we assess the current state of the property's energy consumption and potential for energy conservation. In each project, we assess the optimal energy solutions for the property in order to advance our goal of carbon neutrality. If the prerequisites for renewable energy production are met, we invest in energy production capacity. We engage in active dialogue with energy providers and construction firms on new solutions in energy production and low carbon construction.

In our investment analysis, we evaluate soil conditions and analyse construction materials. Where possible, we opt for low carbon wooden buildings and conversion projects instead of new construction. Other ESG factors include, for example, harmful substances in the soil and structures, water consumption, indoor air quality, tenant satisfaction and the property's impact on the surrounding urban environment.

As part of the investment analysis, we also identify and investigate our partners' backgrounds. We follow OP Financial Group's guidelines for anti-corruption and money laundering, and our employees are trained in recognizing and combating corruption and money laundering.

## 5.2 Real estate development and modernisation

When developing and modernising sites, our sustainability criteria steer the project's activities. We require that all sites prepare an environmental plan to minimise effects on the environment. The starting point of the environmental plan is to prevent environmental pollution and minimise the adverse effects of the construction site. Through our own supervision, we are able to extensively influence ESG factors in our projects and ensure construction quality and the longevity and safety of buildings. We strive to monitor the carbon footprint of projects to promote low carbon construction. When selecting construction materials, we favour low carbon solutions that are safe and healthy for the users. When purchasing construction services, we always require our contractors to be certified by RALA<sup>7</sup> as proof of continuous sustainability of operations.

---

<sup>7</sup> The Finnish Construction Quality Association RALA collects data on construction industry companies and evaluates their operating practices. RALA certification indicates that the company meets the requirements of the Finnish Contractors' Liability Act, the technical competence and resources of its personnel and machinery have been verified, the company has valid liability insurance, and its financial statements conform to legal requirements.



Our properties are built to be as energy efficient as feasible. All properties we have built have a minimum energy class of C. From the start of the construction project, we assess the possibility of producing renewable energy on the site and implement it whenever it is feasible from a technical and economic viewpoint. Our properties are equipped with the option to sell excess renewable energy to the grid. We are a signatory of the Net Zero Carbon Buildings Commitment and as such our goal is to have carbon neutral buildings in respect of energy usage by 2030. We monitor the carbon footprint of our projects in order to promote low carbon construction. We request a life cycle carbon footprint analysis for each of our developed properties. We prefer buildings constructed from wood, conversion projects, as well as low-carbon construction materials.

We also consider the environmental effects of the materials used in construction. In selecting construction materials, we favor low carbon solutions that are safe and healthy to users. For construction, we use materials that meet the M1 environmental classification and prefer construction materials with an Environmental Product Declaration (EPD). We consider residents' health while constructing the properties. The residential buildings we construct meet the S3 class of the Classification of Indoor Environment, while the office buildings we construct meet the S2 class<sup>8</sup>.

We develop the recycling rate of construction waste together with contractors. We require a waste management plan to be drafted before a project is launched, and data on waste volumes must be submitted after each project has ended. We also facilitate better recycling of demolition waste and are committed to the Green Deal demolition examination agreement. In residential buildings, recycling possibilities are implemented for seven waste categories in the waste room. We take flexibility into account while planning projects and encourage the use of material passports.

Whenever feasible, we apply for an environmental certificate such as <sup>9</sup>LEED or BREEAM<sup>10</sup> for the commercial properties we have built. The certification is proof of sustainable operations and confirms that the property meets the criteria on environmental factors. We monitor the development of environmental certifications and expand our certification policies as new opportunities emerge.

We take sustainable mobility in our properties into account right from the construction phase. We prefer locations with good connections to public transportation while taking their intended use into account. We consider the charging options for electric cars in the construction phase by either installing charging stations or ensuring that they can be installed later. We also take cycling into account in the construction phase by designing the necessary bicycle storage and social facilities.

---

<sup>8</sup> The quality of indoor air, thermal conditions, and sound and lighting conditions meet the regulations of the Land Use and Building Act as well as the minimum requirements laid out under the Health Protection Act. Meeting the requirements of the regulations does not necessarily require the use of target values in the S3 class. The target and design values of various quantities can be selected from different quality classes. If necessary, the value of a quantity can be determined on a case-by-case basis.

<sup>9</sup> Leadership in Energy and Environmental Design, LEED, on U.S. Environmental certificate developed by Green Building Council that was launched in 1998.

<sup>10</sup> The Building Research Establishment Environmental Assessment Method, BREEAM, was published by the UK-based Building Research Establishment in 1990.

Occupational safety is of paramount importance at the worksites of buildings we construct. For each site, we designate a safety coordinator and responsible occupational health and safety manager, who will monitor and be in charge of safety at the worksite.

## 5.3 Ownership

Systematic real estate maintenance is the most important aspect of our ESG work. Sustainably maintained properties also have greater demand among potential tenants.

### 5.3.1 Property maintenance

Our energy managers actively monitor the consumption and technical condition of our properties to ensure that repairs, energy investments, adjustments and technical improvements are carried out according to schedule. Our properties are connected to an energy monitoring system that produces up-to-date consumption data for use in comparisons between similar properties. We favour zero carbon energy sources when purchasing energy and continuously explore new possibilities for renewable energy production in our existing properties.

We strive to promote consumption-based billing of water, energy, and waste management in order to encourage tenants to improve the efficiency of their activities. We follow new possibilities and the development in different technologies and actively trial and adopt new technologies. We modernise our plumbing fixtures to conserve water, particularly in new residential constructions. We encourage users to take up sustainable practices by communicating about the energy consumption of properties and by campaigning annually on different sustainability themes as part of Motiva's<sup>11</sup> energy conservation week.

We develop sustainable transport opportunities for our tenants by increasing the number of electric vehicles charging stations and bicycle storage facilities. Together with our partners, we systematically develop waste management by improving waste facilities, increasing recycling opportunities and providing training to users.

The wellbeing of our properties' users is important to us, and we work continuously on ensuring indoor air safety and proactively identifying risks to indoor air quality. We have developed our network of service providers to enable us to easily intensify the monitoring of indoor air conditions and ensure the accuracy of measurement results. We aim to minimise the use of chemicals in property maintenance to reduce possible harm to humans and the environment. We ensure the sustainability of our supply chains by means of contractual obligations and audits.

### 5.3.2 Rental services

Sustainable rental services form the backbone of a real estate business that ensures regular rental income to investors. We select tenants for our properties carefully and with a critical eye to secure steady cash flow and long-term tenant relationships. We strive to take our tenants' changing needs into account and value tenant

---

<sup>11</sup> Motiva is a Finnish state-owned sustainable development company offering solutions and services for efficient and sustainable use of energy and materials.

satisfaction to minimise turnover. When signing lease agreements, we perform customer due diligence and sanctions list checks. We also do a comprehensive background check on the tenant's financial standing, line of business and suitability and ability to fulfil contractual obligations. Our policy of hard collateral minimises the risks of lease agreements.

Over the years, OP Real Estate Asset Management has developed effective lease agreement practices and terms that are compatible with the law and current market practices. We comply with the recommendations of the Finnish Landlord Association on good leasing practices and treat our tenants equally.

OP Real Estate Asset Management aims to build long-term partnerships with our tenants. Our partnership with tenants ensures that possible problems during the lease - such as a change in business environment, pandemic, sudden illness or unemployment - are resolved together with the tenant. In this way, we try to ensure the continuity of viable businesses and tenant relationships despite temporary setbacks.

We are continuously developing the customer communication of OP Real Estate Asset Management and our partners, such as the property managers, and we regularly ask for feedback and survey our tenants' satisfaction and changing needs.

## 6. ESG in real estate fund and debt investments

---

### 6.1 ESG as part of investment analysis and decision-making

In real estate fund and debt investment, the investment assets are managed by the asset manager of the underlying investee fund. As such, the focus of our ESG analysis is the assessment of the external asset manager's ESG agenda. We choose our underlying investee funds with great care, which means we can trust the funds to comply with agreed policies in both property acquisition and management.

The ESG review of the real estate fund covers factors such as responsible investment policies and statements, resources allocated to responsible investment, ESG integration and ESG reporting. Based on the review, we assess the quality of the external asset managers' responsible investing. The ESG Specialist for real estate investments prepares an ESG statement for the investment analysis. The investment committee reviews the statement before deciding on the investment. In ESG statements for external funds, we comply with the criteria of OP Asset Management on new external asset managers. The criteria are reviewed annually.

### 6.2 Enforcement of responsibility principles

OP Real Estate Asset Management influences the responsibility of underlying investee funds through its active investment policy. Through our investment activities, we want to promote the adoption of responsible investment principles in the real estate investment sector. We monitor the enforcement of ESG factors by reviewing the fund's quarterly reports, communicating with the asset manager, attending fund meetings, exercising our possible seat on the board or advisory committee, and by visiting the properties in person. We also send out annual ESG surveys to external funds' asset managers to monitor the enforcement of ESG factors in the underlying funds and assess general measures taken by the asset manager to improve sustainability.

### 6.3 Permitted domiciles



We follow the policies set by OP Asset Management regarding permitted domiciles of funds by external asset managers. Permitted domiciles and the criteria used to evaluate whether a domicile is permitted are listed in OP Asset Management's Principles for Responsible Investment.

## 7. ESG in forest investments

---

Our forests are managed in accordance with the principles of good forest management. In our forest investments we strive to protect biodiversity and increase carbon sequestration besides seeking financial return,

### 7.1 ESG as part of investment decisions

In each investment analysis, we carry out a broad assessment of the forest asset's ESG data. The portfolio manager collects the data with assistance of other experts at OP Asset Management. Depending on the type of asset, we also use the services of external experts. Based on the analysis, the portfolio manager prepares an investment proposal to the investment committee.

#### 7.1.1 ESG integration in investment analyses

When analysing a potential forest asset, we calculate the forest's capacity as a carbon sink. In the analysis, we also assess the asset's road network and share of peatland in proportion to total land area. A good road network ensures that timber can be extracted even during warmer winters. A good road network is also necessary for extracting trees felled by storm or snow and helpful in wildfire suppression. Peatland requires good conditions for timber extraction due to poor bearing capacity.

We also investigate the asset's tree stand volume and potential for sustainable timber extraction. We also review the current state of the asset's forest management. If the asset has a backlog of forest management tasks such as sapling or young forest maintenance, we take these into account and commission the maintenance work to be carried out after purchasing the asset.

### 7.2 Ownership

The two possible forest management practices are cyclical harvesting, or clearfelling, and continuous cover forestry. The forest management practice to be used in any given forest is selected by an external expert on a case-by-case basis.

All our forests are PEFC certified, and some are also FSC certified. The certificates are proof of sustainable operations and that the timber is legally and sustainably sourced. The principles and criteria of the certificates specify the key elements and requirements for environmentally healthy, socially beneficial and financially profitable forest management. The FSC certificate has stricter requirements than the PEFC certificate, including that at least 5 per cent of forest land must be excluded from commercial use. Audits are used to ensure that the certification criteria are enforced during forest management. The audits review factors such as the width of protective zones around waterways and the adequacy of retention tree stands in clearfelling. Certifications are particularly helpful for ensuring the preservation of biodiversity in forests.



We have established a sustainability programme for our forest investments with the aim of expanding carbon sinks and protecting and promoting biodiversity. We are committed to the reforestation of non-productive land, such as farmland that has been retired from agricultural use. We are also fertilising forests to improve growth. The primary means of fertilisation is wood ash, which does not cause emissions to waterways. We are also involved in the restoration of bogs to improve their biodiversity. We do not participate in the establishment of new peat production areas.

We lease hunting rights to our forests to local hunters to support recreational hunting and reduce the amount of road and forest damage caused by elk and deer. We offer our forests for recreational use with expanded freedom to roam by enabling opportunities for the construction of hiking routes. We hold a positive view on local nature conservation projects, such as the conservation of waterways and restoration of habitats for migratory fish. We also lease our forests for wind farms to advance opportunities for carbon neutral energy production.

## 8. Reporting

---

Our investors in funds for institutional and professional investors receive quarterly investor reports including information about current ESG themes. Regarding our special common funds, our portfolio managers include the latest ESG news as part of the quarterly portfolio manager reviews.

OP Real Estate Asset Management publishes annually a more extensive sustainability review covering all real estate investments in different strategies. In the sustainability review, we describe how we have developed our operations more environmentally friendly, what results we have achieved and how we believe we can continue to improve our operations. For our direct real estate investments, we report annually the environmental impacts of the properties, including the consumption of energy, heating energy and water together with the amount of waste produced. OP Real Estate Asset Management's sustainability review is published on OP's web page on responsible investing.

OP Real Estate Asset Management participated in the GRESB reporting<sup>12</sup> for the first time regarding year 2020. We also participate in OP Asset Management's responsible investment reviews and reporting, including annual reports on the implementation of the UN Principles for Responsible Investment. The latest information related to OP Asset Management's reporting can be read in OP Asset Management's Principles for Responsible Investment<sup>13</sup>.

## 9. Summary

---

We base all OP Real Estate Asset Management's real estate investment strategies on these principles of responsible investment. Our mission is to communicate extensively and transparently on the sustainability of our investments in accordance with these principles. These principles for responsible real estate investment will be updated whenever necessary.

---

<sup>12</sup> Global Real Estate Sustainability Benchmark GRESB is an annual benchmark study on global sustainability. It compares real estate investment companies and funds on a number of factors related to environmental, social and corporate governance.

<sup>13</sup> [op.fi/responsible-investing](https://op.fi/responsible-investing)