

ANNEX III

Template for pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1–4 a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: OP-Forest Owner special common fund

Legal entity identifier: FI4000108436

Sustainable investment objective

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective, and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective may be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 60 %	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics, and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments
<input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: - %	<input type="checkbox"/> with a social objective
	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments



What is the sustainable investment objective of this financial product?

OP-Forest Owner is a special common fund investing in forests. With sustainable investment, it is possible to achieve positive impacts on climate change, biodiversity and human wellbeing. The forests we invest in act as carbon sinks that store greenhouse gas emissions from the atmosphere. The wood raw material sourced from forests replaces fossil products, which in turn reduces the use of fossil raw materials that cause greenhouse gas emissions. In a sustainable investment, in the long term, the tree stand grows quicker than the felling of forests, which increases the forest carbon sink. Sustainable investing promotes the construction of fossil-free electricity production, and we lease our forests for wind and solar power generation. When forests are felled, preserving biodiversity is taken into account.

In sustainable investing, forestry operations are restricted in valuable habitats, endangered species are taken into account, water conservation is ensured, and structural features that promote biodiversity in forests are increased. In a sustainable investment, forest areas are excluded from commercial use, and forest conservation areas are established. Operations comply with current legislation, PEFC and FSC certification systems, and the Fund's own sustainability procedures.

In a sustainable investment, it is ensured that others are allowed to access the forest. The public right of access is promoted, and it is ensured that trails and structures can be created in forests as agreed.

The Fund aims to make only sustainable investments. Forest investments and investments in forestry companies are considered sustainable if they enable either directly or through business operations the increase of the carbon sink and promote biodiversity and recreational use of forests in the long term (10 years).

To the extent that the Fund makes investments in line with the EU Taxonomy, its aim is to promote climate change mitigation. No benchmark has been assigned to achieve the Fund's goal of sustainable investments, and the Fund does not aim to reduce carbon emissions.

- ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The quantity of carbon sinks, the number of certified forest areas, the number of forest areas outside the scope of commercial use, and the number of wind farm lease agreements are used as sustainability indicators.

- ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

It is assessed in connection with each investment that the sustainable investment goals do not cause significant harm to any of its environmental goals. When making new investment decisions, a sustainable investment is assessed as a whole so that the investment product's goal to be a sustainable investment is not compromised.

When assessing significant harm to the environmental goal, principal adverse impacts (PAI) on sustainability are reviewed by considering the PAI indicators applicable to investments in real estate assets. These indicators apply to exposure to risks related to fossil fuels and energy inefficiency. The regulation does not include separate PAI indicators for forests. OP-Forest Owner does not invest in real estate assets related to fossil fuel recovery, storage, transport or manufacture, or energy-inefficient assets. If an unused residential building is part of the forest estate, it is left uninhabited so it does not use a significant amount of energy or cause a significant amount of CO₂ emissions.

When assessing principal adverse impacts on sustainability, forest investments do not cause significant harm to the environmental goal, taking other PAI indicators of the regulation into account. Insofar as the Fund invests in companies, the PAI indicators applicable to the investee companies are assessed when making the investment decision. A qualitative analysis is also carried out to identify principal adverse impacts on sustainability.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors related to environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

When making investments, the PAI indicators applicable to investments in real estate assets are considered. These indicators apply to exposure to risks related to fossil fuels and energy inefficiency. The regulation does not include separate PAI indicators for forests. OP-Forest Owner does not invest in real estate assets related to fossil fuel recovery, storage, transport or manufacture, or energy-inefficient assets. If an unused residential building is part of the forest estate, it is left uninhabited so it does not use a significant amount of energy or cause a significant amount of CO₂ emissions.

Insofar as the Fund invests in companies, the PAI indicators applicable to the investee companies are assessed when making the investment decision. A qualitative analysis is also carried out to identify principal adverse impacts on sustainability.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund's investment assets are mainly direct real estate investments in forest estates. As part of OP Financial Group, we support the UN's Global Compact initiative and follow the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Insofar as the Fund may have investments in companies, these companies are reviewed in terms of quality in accordance with the OECD's instructions and UN principles.



Does this financial product consider principal adverse impacts on sustainability factors?



Yes The Fund considers the PAI indicators applicable to investments in real estate assets. These indicators apply to exposure to risks related to fossil fuels and energy inefficiency. The regulation does not include separate PAI indicators for forests.

Insofar as the Fund invests in companies, the PAI indicators applicable to the investee companies are considered as far as possible when information is available.

In the future, information about the PAI indicators will be highlighted in the Annual Report, as laid down in Article 11(2) of the Disclosure Regulation (SFDR).



No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

OP-Forest Owner is a special common fund that invests in forests and targets long-term capital appreciation, by investing sustainably and in compliance with the Fund's rules. The Fund makes sustainable investments focusing on environmental issues. The Fund prioritises investments that are expected to have a positive impact on climate change, biodiversity and human wellbeing. The Fund mainly invests its assets in forest estates located in Finland. The Fund may also invest in forest estates in the European Economic Area. It may also make indirect investments in forest estates. The Fund aims to make the most of its earnings from the sale of timber growing on its forest estates. The Fund may also try to achieve earnings by developing, parcelling out or zoning the forest estates it owns, or by utilising the soil or any leisure-time values.

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The Fund does not invest in forest estates where the forest has been managed unsustainably. This may mean that there has been exceptionally large felling activity on the forest estate, and the estate would then be sold on before fulfilling the statutory renewal obligation.

The Fund does not invest in real estate assets related to fossil fuel recovery, storage, transport or manufacture, or energy-inefficient assets. If an unused residential building is part of the forest estate, it is left uninhabited so it does not use a significant amount of energy or cause a significant amount of CO₂ emissions.

- ***What is the policy to assess the good governance practices of the investee companies?***

Insofar as the Fund can invest in companies, they undergo a qualitative analysis based on which the implementation of good governance is assessed. When assessing a company's governance, some of the areas considered include the appropriateness of the company's administrative organisation, the company's actions in relation to its personnel, and the company's remuneration and taxation practices. In addition, the company's operations should be transparent.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Asset allocation describes the share of investments in specific assets.

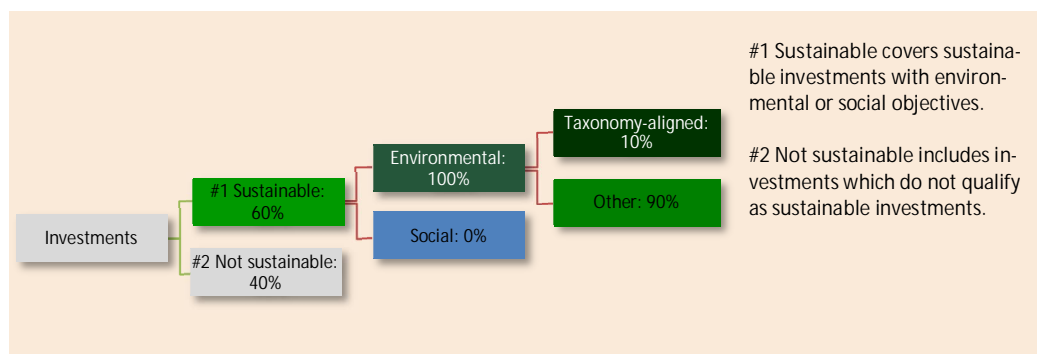


What is the asset allocation and the minimum share of sustainable investments?

According to the Fund's rules, three fifths (3/5) of the Fund's total assets must always be invested in real property in Finland or real estate securities related to such real property. All investments by the Fund are sustainable in the manner defined by the Fund and described in this Annex, and the minimum proportion of sustainable investments is 60%. "Not sustainable" may comprise short-term net assets such as cash investments and derivatives used for interest rate hedging. Derivatives and cash cannot be considered sustainable.

Taxonomy-aligned activities are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for the transition to a green economy
- operational expenditure (OpEx) reflecting green operational activities of investee companies



● *How does the use of derivatives attain the sustainable investment objective?*

The aim of using derivatives is not to promote environmental or social characteristics.



● **To what extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Of the environmental goals of the EU Taxonomy, the Fund considers climate change mitigation and forest management criteria. The Fund has a 10% minimum allocation to EU Taxonomy-aligned investments. According to the Fund's interpretation, the Fund's forest management practices are aligned with the criteria of the taxonomy. However, to date, only a part of the Fund's forests has undergone a climate benefit analysis, which is one of the criteria of the EU Taxonomy for forest management.

The Fund calculates the taxonomy alignment of investments based on the net asset value of investments.

An inspector or another third party has not checked that the investments in question meet the requirements stipulated in the EU Taxonomy (Article 3 of Regulation (EU) 2020/852).

● **Does the financial product invest in fossil-gas- and/or nuclear-energy-related activities that comply with the EU Taxonomy¹?**

Yes:

in fossil gas

in nuclear energy

No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy when they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in the Commission Delegated Regulation (EU) 2022/1214.

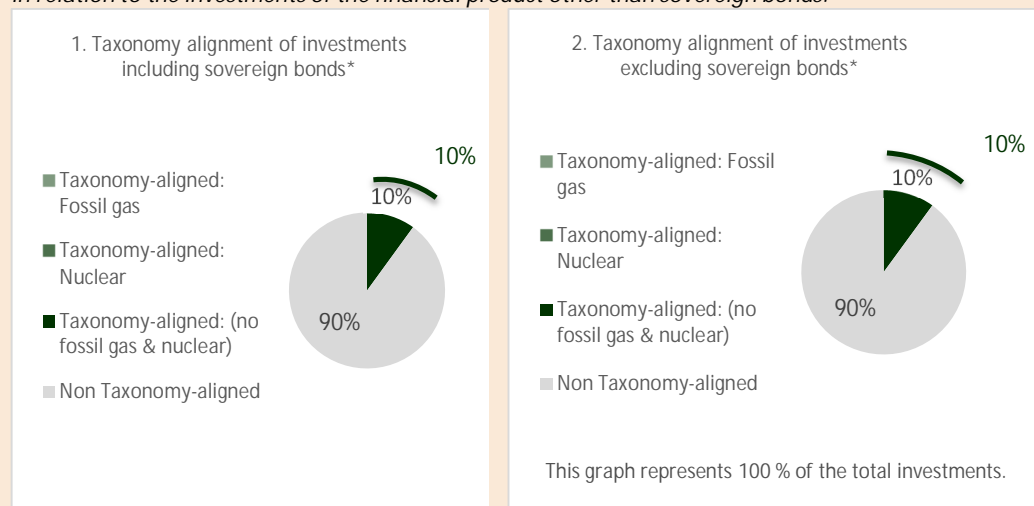
To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035.

For nuclear energy, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

The Fund does not commit to a minimum share.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund does not have a minimum share for sustainable investments that are not in aligned with the EU Taxonomy.



What investments are included under "#2 Not sustainable", what is their purpose, and are there any minimum environmental or social safeguards?

"Not sustainable" may comprise short-term net assets such as cash or derivatives used for the hedging of the interest rate of loans, for example. The Fund may also invest in fixed income investments for the purpose of cash management and temporary asset investments. The Fund may invest its assets in derivative contracts and OTC derivatives in order to hedge against the risk of adverse market movements, to replace direct investments, and to otherwise promote effective portfolio management. The Fund may invest in fixed income investments either directly or through mutual funds or special common funds, or by making deposits with credit institutions.

Sustainability factors cannot be considered separately for derivatives and short-term net assets.

Where can I find more product-specific information online?

More product-specific information can be found on the website:

op.fi/private-customers/savings-and-investments/funds/supplementary-sustainability-data



Environmentally sustainable investments that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

