

Sustainable investment strategy

Special investment fund eQ Community Properties invests in care and social infrastructure properties (e.g. healthcare services, senior supported and enhanced service housing, early childhood education, and education and research) located in Finland. The target of investment activities is making sustainable investments into carbon neutral properties at the time of acquisition or which by development of the Fund will achieve carbon neutrality. The fund complies with eQ Asset Management's principles for responsible investment. The fund is classified as Article 9 fund (SFDR, (EU) 2019/2088).

The fund's key ESG approaches are the integration of ESG into investment practices and active ownership and property development. More information about the fund's investment process and methods as well as the criteria used to monitor the realization of the investment activities, is described in the fund's prospectus. eQ Asset Management's commitments and memberships in organizations and associations: United Nations' Principles for Responsible Investment (PRI), Finsif, Finance Finland, GRESB, Finnish Property Owners Rakli, FIGBC, Finnish Venture Capital Association, Invest Europe and CDP as well as the Science Based Target Initiative (SBTi) organised by the CDP.

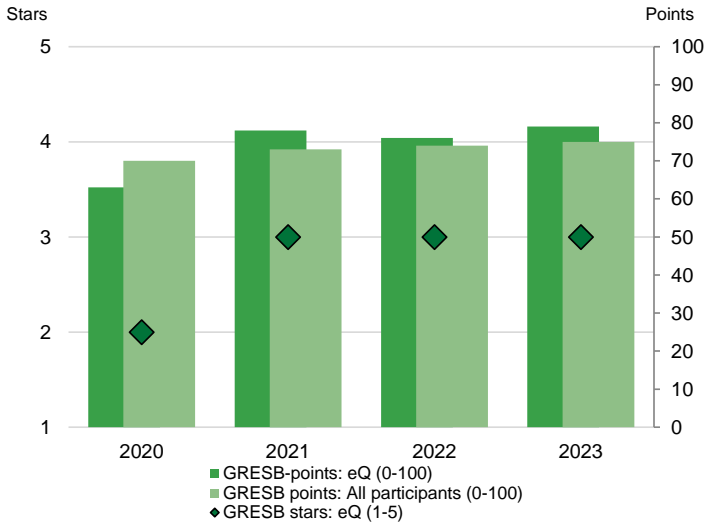
Fund ESG details

SFDR classification	Article 9
GRESB star score	3/5
PRI star score	5/5 (3/5)
BREEAM In-Use certified properties	64 %
BREEAM In-Use (part 1) average grade	Very Good
Energy performance certificate A-B share in Fund	25 %
EPC score of properties (weighted avg)	205
Carbon footprint tCO2e/MEUR	4,6
Total energy consumption MWh/a	115 799
Coverage of energy consumption data	79 %
The share of taxonomy aligned properties	12 %
ESG development projects (pcs)	68
Recycling rate	37 %
Leasable area (sqm)	540 000
Number of properties	103
Number of tenants	237
Fund GAV (real estate assets)	1 825

Source: eQ, GRESB, PRI

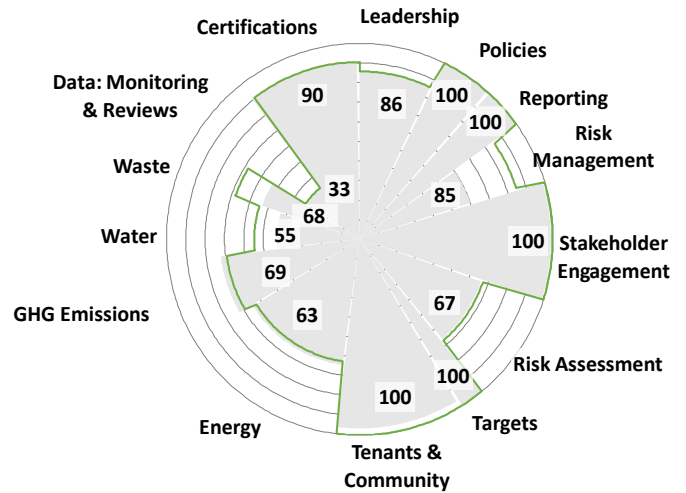
GRESB

GRESB performance scores



Source: eQ, GRESB

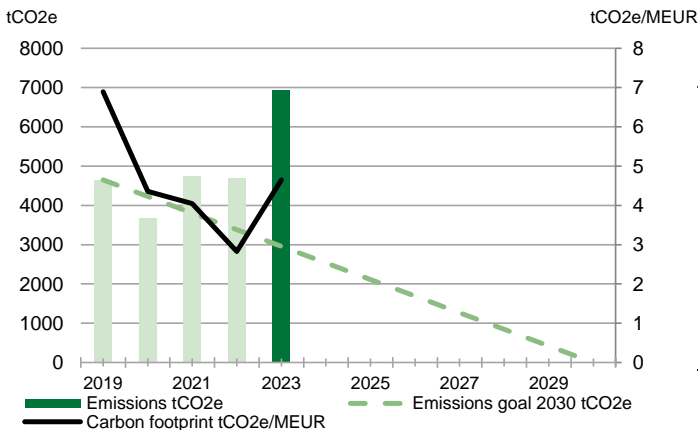
Areas of GRESB performance



The area outlined in green represents 2023 results and the one in grey 2022 results

Emissions development and ESG projects

Emissions in relation to the GAV of real estate assets



During the reporting reform of 2023 the data collection for emissions was transferred to the Enerkey system and emission calculation was refined. Data presented is affected by its coverage and changes in portfolio. Current graph depicts properties where the Fund is responsible for maintenance. Source: eQ.

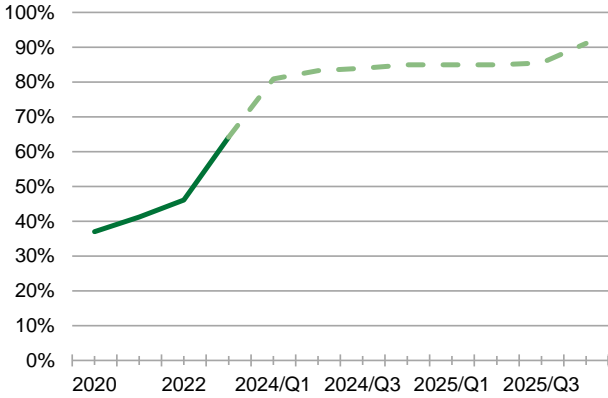
TOP 10 ESG development projects

Completion	City	Energy saved kWh/a	ESG Project	Leasable area (sqm)	
1	2023	Vantaa	348 000	Energy efficiency	6 300
2	2021	Helsinki	218 600	Adjustment / maintenance	8 200
3	2021	Hämeenlinna	218 000	Adjustment / maintenance	6 500
4	2023	Espoo	211 000	Adjustment / maintenance	6 600
5	2023	Jyväskylä	198 100	Adjustment / maintenance	6 400
6	2022	Lahti	159 000	Adjustment / maintenance	5 100
7	2021	Helsinki	155 000	Adjustment / maintenance	9 200
8	2023	Espoo	130 000	Solar power project	12 900
9	2023	Jyväskylä	121 700	Adjustment / maintenance	8 300
10	2022	Espoo	105 400	Adjustment / maintenance	4 000
		1 864 800		73 500	

BREEAM In-Use certifications

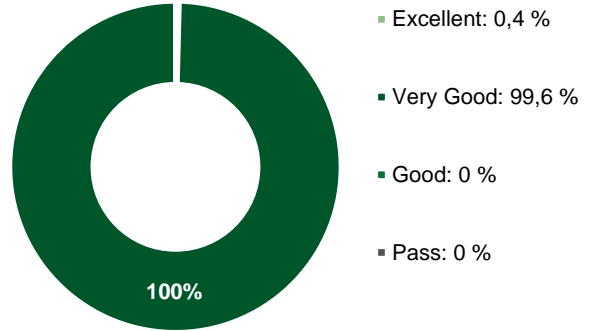
The fund's target is to apply for BREEAM In-Use certification for all properties.

Realized and planned development of the certification level
Of leasable sqm



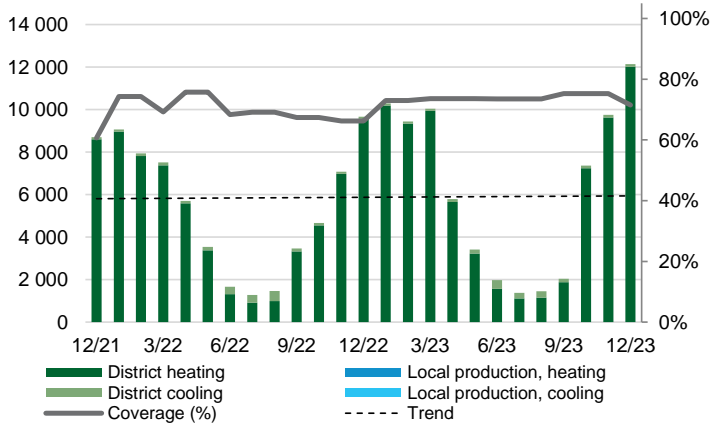
Some of the properties have LEED certification. BREEAM In-Use certification will be applied for these properties once LEED expires. Source: eQ.

BREEAM In-Use part 1 -grade distribution
Of certified sqm

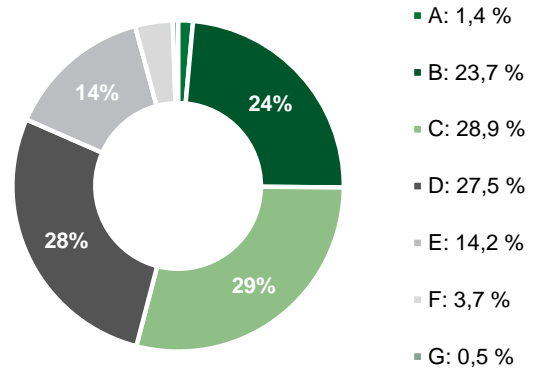


Energy consumption of properties

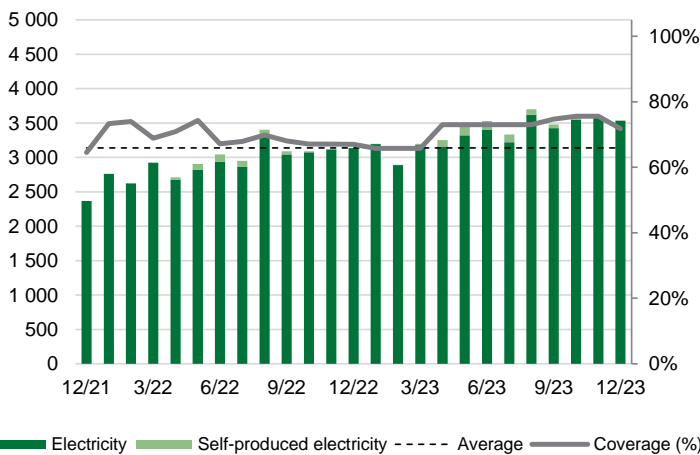
Heating and cooling (MWh)



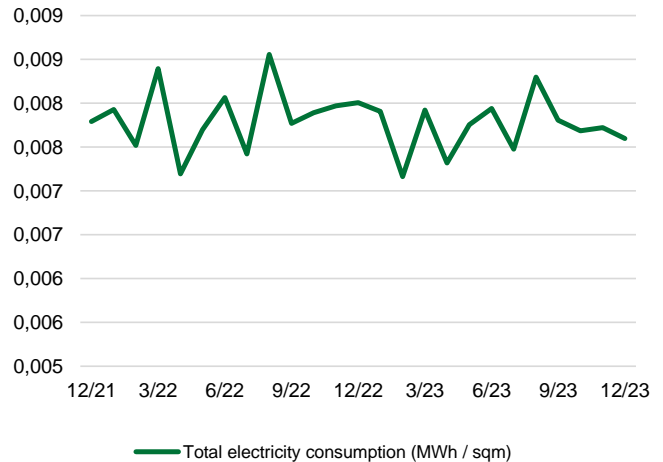
Energy performance certificate distribution of properties
Of leasable sqm



Electricity consumption (MWh, property electricity)



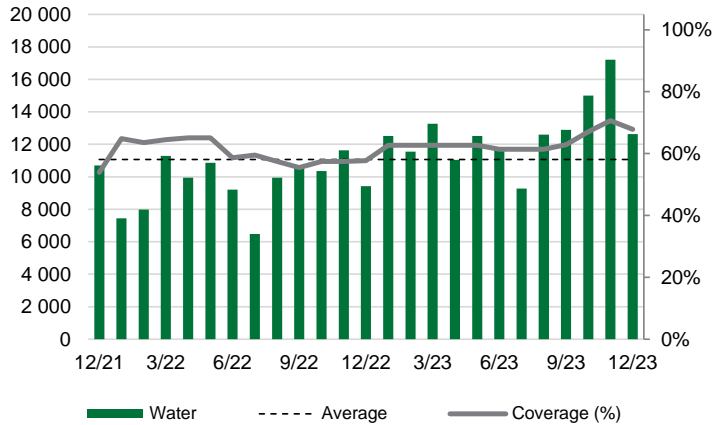
Relative electricity consumption (MWh / sqm)



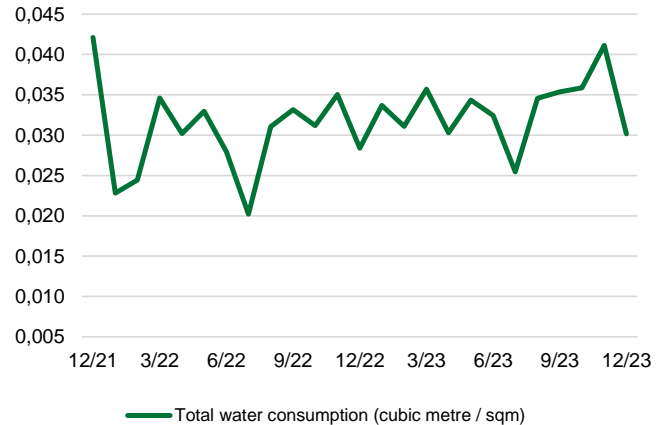
Renewable electricity share: 100 %, renewable heating share: 54 %
Source: eQ

Water consumption of properties

Water consumption (cubic metre)



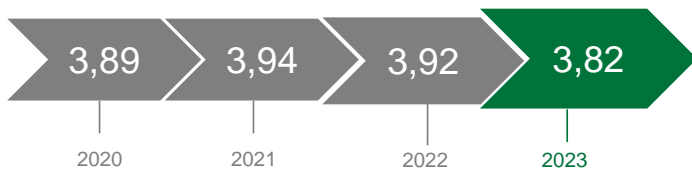
Relative water consumption (cubic metre / sqm)



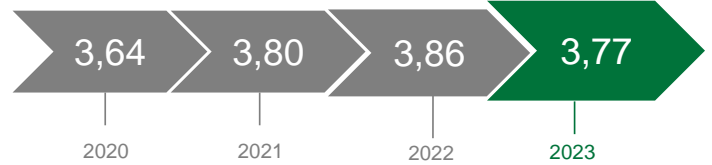
Source: eQ

Tenant satisfaction

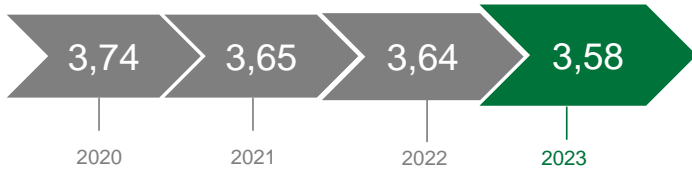
Suitability of properties*



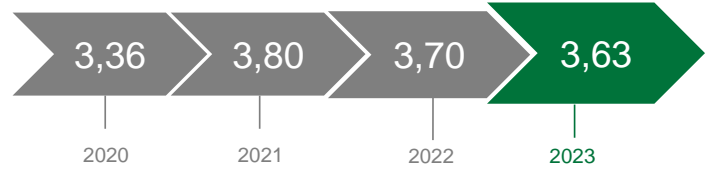
Manager's services*



Maintenance services*



eQ as a landlord*



* Several questions in the survey have been combined with the scores.
> 3 = Poor results, 3,00 - 3,50 = Average results, 3,50 - 4,00 = Good results and < 4,00 = Excellent results
Source: eQ

PAI Indicators (Principal Adverse Impact)

Mandatory Indicators

Indicator no.	Indicator name	Value	Reporting coverage
17	Exposure to fossil fuels through real estate assets	0,0 %	100,0 %
18	Exposure to energy-inefficient real estate assets*	73,1 %	100,0 %

Additional Indicators

Indicator no.	Indicator name	Value	Reporting coverage
18	Scope 1 GHG emissions of real estate assets tCO2e	0	100,0 %
18	Scope 2 GHG emissions of real estate assets tCO2e	6 924	100,0 %
18	Scope 3 GHG emissions of real estate assets tCO2e	NA	NA
18	Total GHG emissions of real estate assets tCO2e	6 924	100,0 %
19	Energy consumption intensity of real estate assets GWh/m2	0,00022	79,2 %
20	Real estate assets without waste management	0,0 %	100,0 %

*The share of properties of the fund with an energy performance certification of C or lower.

*Properties without an energy performance certification are classified in the group "EPC with C or lower". Source: eQ.

Terms used

The date of the report and updated information

For eQ, the date in the upper right corner of the report represents the date according to which holdings the report was made. The ESG data on the fund's properties is basically the most up-to-date information possible.

ESG report gives an overall picture of the sustainability of the fund and its investment properties and their development. Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. (SFDR Regulation (EU) 2019/2088 Article 2 (24)). The English term ESG is also used for this, which comes from the words environment (Environmental), social responsibility (Social) and governance (Governance).

The sources used in this report are eQ, GRESB and PRI

SFDR classification

eQ has classified the funds in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR, 2019/2088) into three categories: Article 9, 8, and 6 products.

Article 9: The Fund's investments are all sustainable and follow good governance. Such a fund has a defined sustainability target for environmental and social responsibility matters.

Article 8: The fund does not have a sustainability target, but with regard to investment targets, the fund promotes the development of defined sustainability matters. In addition, the investment targets follow good governance.

Article 6: In the fund, sustainability risks are always taken into account when choosing a new investment target, but the funds do not actively promote the development of selected sustainability issues. If sustainability risks are not taken into account when choosing a new investment target, this must be stated in the documentation of the investment product.

GRESB star rating

Since 2019, eQ's real estate funds have participated in the GRESB (Global Real Estate Sustainability Benchmark) global sustainability assessment of the real estate sector. The results obtained from the portfolio-level GRESB sustainability assessment (star classifications 1 star weak -> 5 stars best) are used in monitoring and developing the sustainability of eQ's real estate fund and its investment targets.

PRI star rating

eQ has signed the UN's Principles for Responsible Investment (PRI) in 2010 and is committed to incorporating ESG factors (environment, society and governance) into the investment process, acting as an active owner and promoting the development of responsible investment practices in the industry.

eQ reports annually to PRI on its responsible investment practices and concrete engagement activities in investment targets. PRI's rating scale is based on a star rating (1 star "poor" -> 5 stars "best").

BREEAM In-Use certification

The BREEAM (Building Research Establishment Environmental Assessment Method) classification is based on a common European standard. BREEAM In-Use assesses the environmental efficiency of buildings already in use. It measures the responsibility of buildings in detail in different categories. These include health and well-being, transport, energy, water, sustainable material choices and resources, risk management and resilience, land use and ecology, and emissions management.

BREEAM In-Use certified buildings are classified based on the fulfilled criteria into six different categories: Acceptable, Pass, Good, Very Good, Excellent and Outstanding. The certification has two parts, of which Part 1 assesses the building itself and Part 2 the sustainability of managing and using the site. Properties where management is the responsibility of eQ are evaluated with both parts (Part 1 and Part 2) and others only with Part 1. In the BREEAM system, a local assessor verifies the fulfillment of the criteria. The BREEAM In-Use certification of real estate properties is valid for three years at a time. The target of eQ real estate and housing funds is to certify all real estate properties according to the BREEAM In-Use classification with the target of Very Good level in the Part 1 section.

Energy Performance Certifications, EPC

The energy performance certification is determined based on the EPC score so that A is the best and G is the weakest. The classification can be influenced, for example, by improving thermal insulation, ventilation heat recovery or the use of renewable energy. The limit values of the energy class for different building types are determined by the Ministry of the Environment

EPC Score

A calculated reference figure for energy efficiency (kWh/m²/year) has been determined for the property. The lower the EPC Score, the more energy efficient the building is.

Scope 1, Scope 2 and Scope 3 emissions

One of the most used frameworks supporting the calculation of greenhouse gas emissions is the global Greenhouse Gas Protocol standard, in which the emission sources of companies are divided into three different categories: Scope 1, Scope 2 and Scope 3. Scope 1 covers the direct emissions from the organization's own energy production as well as from owned and managed properties and vehicles. Scope 2 includes purchased energy, such as electricity, heat and cooling, i.e. indirect emissions. The Scope 3 category includes emissions from the end use of sold products and the procurement of goods and services, i.e. all indirect emissions. Emissions are measured in tonnes of carbon dioxide equivalent (tCO₂e).

The relative consumption has been calculated by relating the absolute consumption of each moment in time to the number of rentable square meters in the fund of the corresponding moment in time.

Carbon footprint (tCO₂e/MEUR)

The carbon footprint describes the amount of emissions in relation to the value of the fund's real estate assets. The carbon footprint calculation includes Scope 1 and Scope 2 emissions.

Total energy consumption MWh/a

Total energy consumption consists of three areas: electricity, heating and cooling. The electricity used by the properties is obtained from the electricity grid or produced by solar power plants. Heating includes both district heating purchased from district heating companies and thermal energy produced in the location itself. Cooling covers the purchased remote cooling and the cooling energy produced at the destination itself.

Coverage of energy consumption data

The coverage of the energy consumption data includes the % share of the reported energy consumption of the properties owned by the fund, which lease (or tenant) is responsible for the energy procurement. The coverage of the energy consumption data is formed by the formula squares, the energy consumption data acquired by the properties is known by eQ, divided by the total square footage of the fund.

The share of taxonomy aligned properties in the fund

In the assessment of taxonomy compliance, it is first determined whether the property belongs to the top 15 percent nationally in terms of energy efficiency (EPC Score). After this, the properties are at least subjected to a climate risk assessment, which takes into account the environmental target regarding adaptation to climate change and its environmental criteria defined in the EU taxonomy regulation. The climate risk analysis assesses which physical climate risks (chronic and acute) may affect the properties during their expected lifetime, e.g. temperature fluctuations, changes in wind conditions, changes in precipitation conditions such as rain and snow, sea level rise, flooding or soil deterioration, runoff from waterlogged slopes and landslides. In addition, adaptation solutions are evaluated to reduce identified physical climate risks that are essentially related to the properties. After the evaluation, the maintenance activities are included in the maintenance book, and those of a fundamental repair nature are included in the PTS plan. Based on the age of the object, other criteria will also be assessed in accordance with the taxonomy guidelines.

PAI indicators (principal adverse impact "PAI")

eQ is committed to collecting PAI indicators from its investment targets, which are used to monitor possible adverse sustainability effects in the fund's investment targets (Article 4 and Article 7 of Information Regulation (EU) 2019/2088). The obligation to report PAI indicators began in spring 2023. In this ESG report, all mandatory indicators and selected additional indicators are reported for real estate. Note: more detailed information about PAI indicators can be found in the Appendix of the following document; Appendix I: <https://eur-lex.europa.eu/legal-ontent/FI/TXT/PDF/?uri=CELEX:32022R1288&from=FI>

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