Elo’s Environmental Responsibility Principles

PENSION COMPANY

Introduction

In Elo's environmental responsibility principles, we describe the principles and means by which we identify and manage environmental risks and opportunities and reduce our environmental impact. These emphasize climate change mitigation and adaptation as well as consideration of biodiversity. In these principles, we also address, among other things, resource efficiency and the circular economy.

The environmental principles apply to all of Elo's operations. In these principles, environmental risks and opportunities potentially arising from Elo's own operations as well as through our supply chains and investment targets have been identified. The significance of the entire value chain has been considered as part of our environmental impacts.

As a mutual pension insurance company, Elo's statutory task is to implement earnings-related pension security and to invest pension assets profitably and securely. Taking the environment into account and managing financial risks go hand in hand.

Our principles are based on Elo's strategy, national and international legislation and standards, the use of scientific knowledge, and the continuous development of operations and competence. We are committed to the principles of the UN Global Compact corporate responsibility initiative, which also includes environmental responsibility principles. These guide our sustainability activities.

Risk management related to sustainability factors, such as environmental themes, is integrated into Elo's risk management system. The development and management of risks are monitored through the risk and solvency assessment as well as through reporting to the Board of Directors and management. Progress on sustainability targets is reported to the Board at least annually.

General environmental responsibility principles applying to Elo employees

At Elo, we strive to provide our personnel with information and tools that help them make climate- and nature-friendly choices and reduce Elo's environmental impacts in various ways. In guidelines and target-setting related to travel, company cars, and procurement, we also consider environmental impacts as sustainability factors.

The World Wide Fund for Nature (WWF) environmental program helps reduce the company's carbon footprint related to office and knowledge work and ensures that natural resources are used sustainably. It also guides workplaces to act in an environmentally responsible way. We utilize WWF's Green Office program alongside other principles and action plans guiding our environmental responsibility.

Responsibility for environmental aspects and targets of our own operations lies with the Chief People and Culture Officer and the Chief Financial Officer, who report to the CEO.

We aim to reduce our environmental impacts in, among other ways, the following:

Energy efficiency, energy consumption and emissions

- We strive to reduce the energy consumption and emissions of our office. This can be achieved through energy-efficient solutions and guidance, as well as by utilizing renewable energy. We have set greenhouse gas emission reduction targets for our own operations and the energy we use. We use emission-free energy in our premises.

Considering environmental responsibility in the supply chain

Sustainability of procurement

- We promote sustainability in procurement by using recycled materials, directing equipment for reuse, procuring eco-labelled products, and assessing supplier and supply chain responsibility. We require our suppliers to take environmental responsibility into account in their operations.

Mobility and travel

- We encourage our personnel to use sustainable modes of transport, such as public transport and cycling, and to utilize remote meeting options as an alternative to travel.

Material efficiency, waste reduction and recycling

- We aim to minimize waste generated in our office and ensure efficient use of materials. We offer and develop paperless customer service. We use recycled office furniture. Elo's domestic real estate sustainability program supports reducing our environmental impact.

- We consider it important that suppliers take into account their environmental responsibility, among others, in the production of goods and services. Environmental-related requirements for suppliers are part of a broader suppliers' responsibility obligation, which also covers human rights, ethics, and occupational health and safety.
- Our goal is that suppliers commit to Elo's corporate responsibility requirements (Supplier Code of Conduct) or equivalent requirements

Supply chain management and our environmental-related responsibility requirements for suppliers

- We develop supply chain management, aiming to consider significant environmental impacts of service and goods suppliers both at the supplier selection stage and during the contract period. If risks are identified in the pre-selection, operations, or operating environment of suppliers, we may request additional clarification or ensure the matter through reviews or audits.
- Elo's procurement principles, related guidelines, and supplier responsibility requirements support supply chain management.
- As a rule, suppliers must commit to complying with applicable international and national laws, regulations, and principles, including those related to the environment.
- We expect our direct suppliers to ensure that their own suppliers and subcontractors comply with our responsibility requirements. Suppliers are expected to identify, assess, and report their significant environmental impacts and prevent and reduce environmental risks. Suppliers should, where possible, use a certified environmental management system or documented practices.

Investing pension assets and environmental responsibility

Climate and nature are central themes in Elo's investment activities and responsibility work. A vital nature is indispensable for human livelihood and for all economic activity. Climate change and loss of biodiversity have a significant impact on the environment of current and especially future generations. Through these phenomena and environmental stresses, they also affect economies and financial markets. Elo's investment activity is long-term, and responsibility for pension assets extends decades into the future. Productive and securing investment of pension assets requires the consideration of climate and nature in investment activity.

As a long-term pension investor, we believe that integrating environmental responsibility into the investment process together with responsible conduct is essential for managing investments' risks and return. In Elo, environmental and climate factors are considered in responsible investing in many ways, which vary between asset classes and investment strategies.

We are committed to the goals of the Paris Climate Agreement for our investment portfolio and to the UN-supported Principles for Responsible Investment (PRI). We also influence sustainability in international cooperation initiatives. We report annually on the environmental impacts of our portfolio and on the implementation of environmental objectives.

We expect the companies that are our investment targets to comply with international norms, such as the UN Global Compact initiative, the OECD Guidelines for Multinational Enterprises, the ILO conventions and recommendations concerning working life, as well as the UN Guiding Principles on Business and Human Rights (UNGP). Climate and nature are part of our norm violation monitoring. Having detected violations, we investigate the severity and extent of their impacts as well as the company's response to the shortcomings. We proceed in accordance with our engagement policy, among other things through mutual dialogue and by participating in joint initiatives. If necessary, we may also divest the investment if the company does not take credible measures to correct the deficiencies. In fund-form investments, we value the activity of fund managers in identifying violations.

Continuous development and engagement with the latest scientific knowledge are central parts of taking environmental factors into account in our investment activities. We regularly update our action principles and guidelines. We take their objectives into account, as well as the development of sustainability practices, when evaluating investment targets and in the development of tools and data. The investment manager responsible for reporting portfolio managers, including reporting, is responsible for public disclosure of investment activities. Responsibility for the implementation of investment objectives and the consideration of environmental and climate targets lies with the investment organization under the leadership of the Chief Investment Officer.

Mitigation of climate change and adaptation in our investment activities

We are part of the Paris Aligned Asset Owners commitment, whose recommendations and objectives are reflected in Elo's investment climate policy. Achieving the objectives requires a comprehensive approach: reducing emissions, supporting an orderly and just transition, solutions for mitigation and adaptation, as well as engagement and cooperation.

Key climate-related operating principles of our investment activities

We reduce the carbon footprint of the investment portfolio

- Achieving the goals of the Paris Climate Agreement requires short-, medium- and long-term targets. We set carbon footprint targets for our portfolio by asset class and in phases. More detailed targets are described in Elo's investment climate policy and at the end of this principles document.

We examine how aligned the targets of individual investment targets are with the goals of the Paris Climate Agreement

- We encourage our investment targets to set science-based greenhouse gas emission reduction targets. We monitor progress in achieving the targets of Elo's investment climate policy.

We increase investments in sustainable solutions

- We aim to promote the achievement of the UN Sustainable Development Goals. We actively map our opportunities to invest in sustainable solutions. Sustainable solutions mean activities aimed at addressing significant societal and ecological challenges. Companies providing climate-related solutions typically offer products and services that improve energy efficiency or serve as alternatives to fossil energy. Sustainable solutions may also relate, for example, to healthcare, education, or pollution reduction.

We reduce the share of fossil energy production in our investments

- We monitor the shares of fossil energy production and related investments of our investment targets. We exclude from direct listed equity and corporate bond investments companies whose revenue exceeds 15 percent from coal production or use in energy production without a clear strategy to reduce coal use, as well as energy companies with new coal investments.
- In addition, we exclude from direct listed equity investments and listed corporate bond investments energy companies whose revenue exceeds five percent from Arctic oil or gas production or from oil sands extraction.

We consider climate change risks and opportunities across asset classes and in investment strategy and allocation work

- Our objective is to ensure that investment returns are on a sustainable basis while also considering the impacts of climate-related sustainability risks on financial markets and investment targets. In our investment process, we have identified climate change-related sustainability risks relevant to each asset class and defined responsible investment tools for managing them, which are reviewed annually and taken into account in the investment plan. Material sustainability risks are also addressed in our annual risk and solvency assessment.

We influence companies and other economic actors alone and together with other actors in accordance with our climate policy objectives

- Cooperation between different actors is essential for achieving global climate goals. In accordance with Elo's engagement policy, our main means of influence are participation in general meetings, direct dialogue with, for example, a company or fund manager, and collaborative engagement such as joint initiatives and group letters.

Consideration of biodiversity in our investments

Biological diversity and ecosystems must be protected and maintained to secure the conditions for life. For an investor, biodiversity loss is also a financial systemic risk whose impacts must be identified. Elo's biodiversity roadmap guides our actions and plans. The roadmap consists of four phases: familiarization, analysis, integration, and reporting. We update the roadmap regularly as knowledge increases and objectives become more precise.

- We assess the impacts and dependencies of our investments on biodiversity and ecosystems as well as related risks and opportunities. We identify regional and sector-specific nature impacts as well as physical and transition risks that biodiversity loss and ecosystem disruption may cause to the operations of our investment targets.
- We report annually on material biodiversity-related matters of our portfolio and encourage our investment targets to do the same
- We also identify positive environmental impacts in our investments. Nature-related sustainable solutions may consist of products or services produced by companies that aim to find solutions for reducing pollution, sustainable water use, or sustainable agriculture.

- As with climate, we take into account the specific characteristics of each asset class and investment approach when setting targets and developing our investment process regarding biodiversity. The focus is on sectors exposed to biodiversity loss and companies operating in areas sensitive from a biodiversity perspective. We identify nature-related sustainability topics as part of investment target analysis and due diligence processes. In addition, through engagement we aim to manage environmental risks and promote sustainable practices.

Active ownership and engagement

Engagement and cooperation are Elo's key ways of implementing responsible investment. Our aim is to influence investment targets so that they adopt more responsible operating practices and are more productive in the long term. Our objective is that companies and fund managers subject to engagement consider material climate and nature risks as well as the impacts of their own operations in the short, medium, and long term. We encourage companies to report on their progress transparently, openly and comprehensively.

- Our main means of engagement are participation in general meetings, direct dialogue with a company or fund manager, and collaborative engagement such as joint initiatives and group letters. Voting at general meetings is one means by which we aim to promote the mitigation of climate change and biodiversity loss, adaptation to them, and transparent environmental reporting.
- In fund investments, we follow industry best practices. When making investment decisions, as part of the due diligence process, we examine how sustainability factors such as climate and nature are taken into account in fund managers' investment activities. We aim to influence fund managers so that they take climate- and nature-related impacts, risks and opportunities into account. In private equity investments, we aim to manage climate risks by favoring funds that typically invest in sectors with limited or low climate risk.
- We influence our investment targets both independently and in cooperation with other investors and stakeholders. We engage in dialogue with investment targets and fund managers and encourage them to consider material sustainability factors in strategy, operations and management remuneration, and to report on them openly.
- We encourage companies to commit to science-based targets and roadmaps in line with the Science Based Targets initiative (SBTi).

Domestic real estate investments

We are one of the largest real estate investors and landlords of business premises and housing in Finland. Our domestic real estate investments are long-term holdings through which we aim for stable and sustainable returns. Through responsible property management, high-quality energy management, and construction activities, we contribute to reducing climate load and improving environmental well-being.

We monitor the material environmental impacts, risks, and opportunities of domestic real estate investments as part of Elo's investment risk management. We manage climate risks related to real estate investments, among other things, through careful asset analyses and climate risk assessments.

We have developed the sustainability work of real estate investments systematically and successfully since the beginning of Elo's operations. Elo's investment climate policy and roadmap also cover domestic real estate investments. Practical sustainability work is led and monitored in accordance with the sustainability program of domestic real estate investments.

Energy use and greenhouse gas emissions of properties

Energy consumption during use is the largest source of greenhouse gas emissions in properties. We set emission-related targets in the climate policy and in the property sustainability program. We report the energy consumption and emissions of direct domestic real estate investments as part of Elo's responsibility and sustainability reporting. We also publish emission intensity annually and report on energy consumption and the use of renewable energy in properties.

We reduce energy consumption

- The climate load of properties is reduced by continuing energy efficiency measures and by investing in optimizing energy use. In addition, we encourage users of our properties to adopt energy-saving measures in both residential and commercial properties. We participate in the TETS and VAETS energy efficiency agreements of the real estate sector, and we also monitor the achievement of our own energy-saving targets based on specific consumption in our direct property portfolio.

We reduce greenhouse gas emissions from energy use

- All electricity purchased for Elo's properties has been carbon neutral since 2020, and we are gradually transitioning to renewable district heating. In addition, we actively explore opportunities to increase our own energy production and increase the share of renewable energy in accordance with the sustainability program of domestic real estate investments.

Development of property portfolio and lifecycle thinking

Elo conducts continuous property development and promotes sustainable urban development. We build new rental housing, implement tenant modification projects, and repair and develop our property portfolio in accordance with long-term lifecycle thinking. Responsible choices in new investments, such as location as well as material selection and lifecycle, guide and develop the entire building stock in a more sustainable direction. We guide practical actions through Elo's project planning guidelines and construction responsibility criteria. In addition, we promote environmentally responsible solutions by utilizing international environmental certifications in our premises (e.g. BREEAM and LEED). These certifications also take into account operational practices during use and property management processes, which support environmental impact management and improve transparency for tenants. The majority of our commercial property portfolio is certified, and all wholly owned office properties have an environmental certification.

Recycling rate and waste management of properties

- Improving the recycling rate of properties is also a key part of environmental responsibility. We support waste sorting through guidance to tenants and other stakeholders, development of waste facilities, and sensible placement of waste containers. We monitor the development of recycling rates and waste volumes annually.

Environmental certificates and biodiversity in real estate investments

- We take into account supporting biodiversity in projects and construction as part of sustainable urban development. We comply with and anticipate regulation and authority guidance related to biodiversity. We develop our own expertise in biodiversity and in the environmental impacts caused by value chains related to construction and property maintenance.

- We maintain and update environmental criteria and guidelines for construction. We set clear responsibility criteria and metrics for our partner network, which are updated annually. We also support biodiversity through environmental certification of properties, and by engaging and guiding tenants and residents towards environmentally sustainable practices. In addition, we benchmark the level of sustainability and environmental management of our direct real estate investments, for example by participating in the international GRESB assessment (Global Real Estate Sustainability Benchmark).

Stakeholder work and engagement

In real estate business, the stakeholder network is extensive. Good and active cooperation with our stakeholders is important from the perspectives of risk management and the profitability of real estate investments. Smooth cooperation with property managers and maintenance service providers, as well as dialogue with customers, creates opportunities for achieving both Elo's and stakeholders' environmental objectives. Careful sustainability assessment in the selection of service providers enables choosing partners that share similar sustainability values and practices.

Co-investment partners in jointly owned properties are also an important stakeholder group. We actively participate in board and management group work of associated companies, general meetings, and investor committees of indirect real estate investments.

Approved by Elo's Executive Group on May 26, 2026.

Read more about Elo's sustainability at elo.fi

You can find more information on Elo's website in the section Responsible investing:

- **Code of Conduct**
- **Supplier Code of Conduct**
- **Climate policy for investments**
- **Biodiversity in investment activities**
- **Sustainability programme for real estate investments**
- **Engagement Policy of investments**
- **Principles for responsible investing**
- **Ownership policy**

Responsible investing >

https://www.elo.fi/en/about-elo/responsibility/responsible-investing

Climate targets

Elo's climate and emission reduction targets of the responsibility program:

Own operations

Scope 1

- The target is emissions of Elo-owned cars at 0 tCO_2e by 2030

The Group's real estate

Scope 2 (market-based)

- Energy use of group properties to be emission-free by 2027.

2027 → 2030 → 2050

Investing

Scope 3

- Listed equity and corporate bond investments, WACI intensity: reduction of 60% from 2019 level by 2030.
- Investment portfolio aligned with the Paris Agreement.
- Direct real estate investments emission-free in terms of energy use by 2027.

Scope 1

- For own operations, the target is emissions of Elo-owned cars at 0 tCO_2e by 2030.

Scope 2

- The target for group properties (market-based) is emission-free energy use of properties by 2027.

Scope 3

- Elo is committed to an investment portfolio aligned with the goals of the Paris Climate Agreement. For listed equity and corporate bond investments, the objective is to reduce the weighted average carbon intensity (WACI) of the portfolios by 60 percent from the 2019 level by 2030. The target covers direct and indirect scope 1 and 2 emissions of investment targets. For domestic real estate investments, the objective is that direct property investments are emission-free in terms of energy use by 2027.