

Principles of Environmental Responsibility at Elo



In the Principles of environmental responsibility at Elo, we describe the principles and means through which we promote environmental well-being, reduce our environmental impact, and take into account environmental opportunities and risks in our operations. Material topics of our environmental principles include climate change mitigation and adaptation, as well as the protection of biodiversity and ecosystems. These principles also address other environmental topics, such as our approach to the use of natural resources and the circular economy.

The environmental principles apply to all of Elo's operations, and due to their material impacts, particular emphasis is placed on indirect climate actions and biodiversity impacts of investee companies in Elo's value chain. As a mutual pension insurance company, Elo's statutory duty is to implement earnings-related pension security and to invest pension assets profitably and securely. Environmental considerations and the management of financial risks go hand in hand. Responsible investment of pension assets is based on our view that only sustainable business practices can generate long-term sustainable returns, and that responsible investors achieve sustainable profits.

Our principles are based on Elo's strategy, national and international legislation and standards, the utilisation of scientific knowledge, and the continuous development of our operations and expertise. We are committed to the principles of the UN Global Compact corporate responsibility initiative, which also encompasses environmental responsibility.

General principles of environmental responsibility for Elo employees

At Elo, we strive to provide our personnel with information and tools that support climate- and nature-friendly choices and help reduce Elo's environmental impact in various ways. Our guidelines and target-setting related to travel, company cars, and procurement also take environmental impacts into account as part of our sustainability considerations.

The World-Wide Fund for Nature (WWF) environmental programme helps reduce the carbon footprint associated with office and knowledge work and ensures the sustainable

use of natural resources. It also guides workplaces in acting in an environmentally responsible manner. We utilise the WWF Green Office programme alongside other principles and action plans that guide our environmental responsibility.

We aim to reduce our environmental impact through, among other things, the following means:

Energy efficiency, energy consumption and emissions:

We aim to reduce the energy consumption and carbon dioxide emissions of our office premises. This can be achieved through energy-efficient solutions and usage guidelines, as well as by utilising renewable energy

sources. We have set greenhouse gas emission reduction targets for our own operations and the energy we use. Our premises are powered by carbon-neutral energy.

Sustainable procurement:

We can promote the sustainability of products and services in our procurement practices by, for example, using recycled materials, purchasing eco-labelled products, and assessing the responsibility of suppliers and supply chains.

Mobility and travel:

We encourage our personnel to use sustainable modes of transport, such as public transport and cycling, and to make use of



remote meeting options as an alternative to travel.

Material efficiency, waste reduction and recycling:

We strive to minimise the amount of waste generated in our office and to ensure the appropriate and efficient use of materials. We offer and continue to develop paperless services in our customer service. We also use recycled office furniture in our premises. Elo's Sustainability Programme for Finnish real estate investments supports the reduction of our office's environmental impact.

Environmental responsibility in the supply chain

We consider it important that our suppliers acknowledge their environmental responsibilities, including in the production of goods and services. Environmental requirements for suppliers are part of a broader set of corporate responsibility obligations, which also cover human rights, ethics, and occupational health and safety.

Our objective is that suppliers commit to Elo's corporate responsibility requirements (Supplier Code of Conduct) or equivalent standards.

Supply chain management and environmental corporate responsibility requirements for suppliers

We are continuously developing our supply chain management, aiming to consider the material environmental impacts of service and goods suppliers both during the selection process and throughout the contract period. If we identify risks in the pre-selection, operations, or operating environment of our suppliers, we may request a separate report or verify the matter through, for example, a review or audit.

Elo's Procurement principles, related guidelines, and Supplier Code of Conduct support the management of the supply chain.



As a rule, our suppliers shall commit themselves to comply with the applicable international and national laws, regulations, and principles, including those related to the environment.

We expect our direct suppliers to ensure and monitor that their own suppliers and subcontractors comply with our corporate responsibility requirements in their operations. We also expect suppliers to pay attention to identifying, assessing, and reporting their significant environmental impacts, as well as to preventing and reducing environmental risks. Whenever possible, suppliers should use a certified environmental management system or a documented process for managing environmental matters.

Investment of pension assets and environmental responsibility

We have identified that the most material environmental impacts, risks, and opportunities for our company arise through the investment of pension assets. Climate change mitigation and adaptation, as well as the protection of biodiversity, are an essential part of the responsibility in our investments.

As a long-term pension investor, we believe that strong integration of environmental responsibility into the investment process—alongside other aspects of responsibility—is essential for managing the risks and impacts related to investments. Elo's investment operations are long-term and independent. Our investment portfolio is broadly diversified across various asset classes. The objective is to secure pensions and sustainable returns for decades to come. At Elo, there are multiple ways to implement responsible investment and take the environmental issues into account, depending on the asset class and investment method.

We are committed to a Paris aligned investment portfolio and to the United Nations-supported Principles for Responsible Investment (PRI). We also participate in international environmental collaborative initiatives. We report annually on the environmental impacts of

our portfolio and the achievement of our environmental targets

We expect the companies we invest in to comply with international standards such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, ILO conventions and recommendations on labour standards, and the UN Guiding Principles on Business and Human Rights (UNGPs). When we identify violations, we assess the severity and scope of the impacts and the company's response to the breaches. We act in accordance with our engagement policy, including through dialogue and participation in collaborative initiatives. If necessary, we may divest from a company that fails to take credible action to address shortcomings. In fund investments, we value the active role of fund managers in identifying violations.

Continuous development and staying up to date with the latest scientific knowledge are a key part of how we incorporate environmental considerations into our investments. We regularly update our principles and roadmaps. In setting their objectives, we take into account scientific research as well as the evolving frameworks, tools, and data that support institutional investors in assessing environmental factors.

Climate change mitigation and adaptation in our investment activities

We are a signatory to the Paris Aligned Asset Owners commitment, whose recommendations and targets are reflected in Elo's climate policy for investments. Achieving these targets requires a holistic approach: reducing emissions, supporting an orderly and just transition, investing in climate change mitigation and adaptation solutions, and engagement and collaboration.

Key climate-related principles in our investment activities

We reduce the carbon footprint of our investment portfolio:

Achieving the goals of the Paris 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 outlined in Elo's climate policy for investments.

We assess the alignment of individual investments with the Paris Agreement:

We encourage our investee companies to set science-based targets for reducing greenhouse gas emissions. We monitor progress towards the targets set out in Elo's climate policy for investments.

We increase investments in sustainable solutions:

We aim to promote the achievement of the UN Sustainable Development Goals. We actively explore opportunities to invest in sustainable solutions—activities that address significant societal and ecological challenges. Companies offering climate-related solutions typically provide products and services that improve energy efficiency or serve as alternatives to fossil fuels. Sustainable solutions may also relate to healthcare, education, or pollution reduction. More detailed targets are outlined in Elo's climate policy for investments.

We reduce the share of fossil fuel-based energy production in our investments:

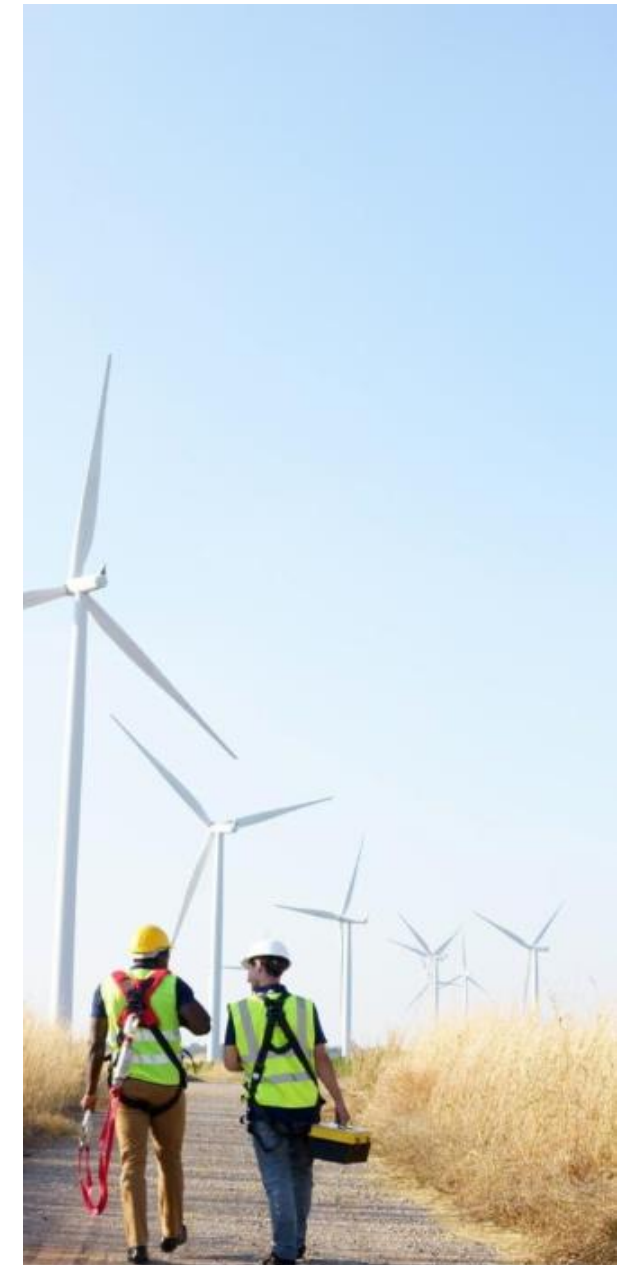
We monitor the share of fossil fuel-based energy production and capital expenditures of investee companies. We exclude from our direct listed equity and corporate bond investments any companies that derive more than 15% of their revenue from coal production or coal-based energy generation without a clear strategy to reduce coal use, as well as energy companies with new capital expenditures in coal. We also exclude from our direct listed equity and corporate bond investments energy companies that derive more than 5% of their revenue from Arctic oil or gas production or oil sands extraction.

We assess climate-related risks and opportunities across asset classes as well as in our investment strategy and allocation work:

Our goal is to ensure that investment returns are based on a sustainable principles, taking into account the impact of climate-related sustainability risks on financial markets and investee companies. In our investment process, we have identified material climate-related sustainability risks for each asset class and defined responsible investment approaches to manage them. These are reviewed annually and incorporated into our investment plan. Material sustainability risks are also addressed in our annual risk and solvency assessment.

We engage with companies and other economic actors—individually and in collaboration—in line with our climate policy objectives:

Engagement and collaboration are key tools in implementing responsible investment. We engage with investee companies both independently and in collaboration with other investors and stakeholders. Collaboration among different actors is essential to achieving global climate goals. In line with the Engagement policy of Elo's investments, our main approaches of engagement include participating in general meetings, direct dialogue with companies or fund managers, and collaborative engagement such as joining initiatives and join letters.



Incorporating biodiversity into our investments

Safeguarding biodiversity and ecosystems is critical to maintaining the natural systems that support life. For investors, biodiversity loss also represents a systemic financial risk, the impacts of which must be identified. Elo's biodiversity roadmap guides our actions and planning. The roadmap consists of four phases: knowledge-building, analysis, integration, and reporting. We update the roadmap regularly as new information becomes available and our targets become more defined.

We assess the impacts and dependencies of our investments on biodiversity and ecosystems, as well as the 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 pose to our investee companies' operations.

We report annually on the material biodiversity-related issues of our portfolio and encourage our investee companies to do the same.

We also recognise positive environmental impacts within our investments. Nature-related sustainable solutions may include products or services developed by companies to reduce pollution, ensure sustainable water use, or promote sustainable agriculture.



Engagement is a key tool for investors to manage environmental risks. We engage primarily through initiatives or direct dialogue, and by voting in general meetings. We actively explore investor collaboration initiatives that support biodiversity and report on our participation in them.

Asset-class-specific approach

As with climate issues, we also take into account the specific characteristics of each asset class and investment method when setting targets and developing our investment process in relation to biodiversity. We focus on sectors vulnerable to biodiversity loss and companies operating in ecologically sensitive

areas. We identify nature-related sustainability issues as part of our investment analysis and due diligence processes.

The social impacts of nature loss

Nature loss is not only an environmental and economic threat—it also has wide-ranging social implications. It can, for example, jeopardise access to food, water, and energy, and increase the risk of pandemics. Human rights and other social impacts are also linked to nature loss through just transition and the protection of the rights of Indigenous peoples and local communities. We aim to identify social impacts and risks also from the perspective of biodiversity and ecosystems.

Finnish real estate investments

We are one of the largest real estate investors and providers of commercial and residential rental properties in Finland. Our Finnish real estate investments are long-term holdings aimed at generating stable and sustainable returns. Through responsible real estate asset management, high-quality energy management, and construction activities, we contribute to reducing climate impact and promoting environmental well-being.

We monitor the material environmental impacts, risks, and opportunities of our Finnish real estate investments as part of Elo's overall investment risk management. We manage climate risks related to our real estate investments through thorough property analyses and climate risk assessments.

Since the inception of Elo, we have consistently and effectively advanced sustainability in our real estate investments. The Climate policy and roadmap for Elo's investments also cover Finnish real estate investments. The practical responsibility work is managed and monitored in accordance with the Sustainability programme for Finnish real estate investments.

Energy Use and Greenhouse Gas Emissions in Real Estate

Operational energy consumption is the largest source of greenhouse gas emissions in real estate. Our emission-related targets are set

out in our climate policy and the sustainability programme for real estate. We report the energy consumption and emissions of our direct Finnish real estate investments as part of Elo's sustainability reporting. We also publish annual data on emission intensity and report on energy consumption and the use of renewable energy in our properties.



Reducing Energy Consumption:

We reduce the climate impact of our properties by continuing energy efficiency measures and optimising energy use. We also encourage users in both residential and commercial properties to adopt energy-saving practices. We participate in the Finnish real estate sector's energy efficiency agreements (TETS and VAETS) and monitor the achievement of our own energy-saving targets based on specific consumption in our direct real estate portfolio.

Reducing Greenhouse Gas Emissions from Energy Use:

All electricity purchased by Elo for real estate has been carbon neutral since 2020, and we are gradually transitioning to renewable district heating. We also actively explore opportunities to increase our own energy production and expand the share of renewable energy in line with the responsibility programme for Finnish real estate investments.

Property development and lifecycle thinking

Elo continuously develops its real estate portfolio and promotes sustainable urban development. We construct new rental housing, carry out tenant improvement projects, and renovate and upgrade our properties with a long-term lifecycle perspective. Responsible choices in new investments—such as location, materials, and material lifecycle—contribute to a more sustainable building stock. Our practical actions are guided by Elo's project planning guidelines and sustainability criteria for construction.

Recycling and waste management in properties

Improving recycling rates is a key part of environmental responsibility in real estate. We support waste sorting by providing guidance to tenants and other stakeholders, improving waste room facilities, and optimally placing waste containers. We monitor recycling rates and waste volumes annually.

Environmental certifications and biodiversity in real estate investments

We incorporate biodiversity considerations into projects and construction as part of sustainable urban development. We comply with and anticipate biodiversity-related regulations and official guidelines. We also develop our expertise on biodiversity and the environmental impacts of construction and real estate maintenance value chains.

We maintain and update environmental criteria and guidelines for construction. We set clear responsibility criteria and indicators for our partner network, which are reviewed annually. We also support biodiversity through environmental certification of properties and by engaging and guiding tenants in environmentally responsible practices. Additionally, we benchmark the level of responsibility and environmental management in our direct real estate investments by participating in the international GRESB assessment (Global Real Estate Sustainability Benchmark).

Stakeholder engagement and influence

The stakeholder network in real estate operations is extensive. Good and active collaboration with our stakeholders is essential for risk management and the productivity of real estate investments. Smooth cooperation with property managers and maintenance service providers, as well as dialogue with customers, creates opportunities to achieve both Elo's

and stakeholders' environmental goals. In selecting service providers, thorough responsibility assessments enable us to choose partners who share our values and practices in sustainability.

Co-investors in jointly owned properties are also key stakeholders. We actively participate in the boards and management teams of associated companies, general meetings, and investor committees of indirect real estate investments.

Approved by Elo's Executive Group
on 15 of April 2025

Read more about Elo's sustainability at elo.fi

[Code of Conduct](#)

[Supplier Code of Conduct](#)

[Climate policy for Elo's investments 2023–2030 \(pdf\)](#)

[Biodiversity in Elo's investment activities \(pdf\)](#)

[Sustainability programme for Finnish real estate investment, in Finnish, \(pdf\)](#)

[Engagement Policy of Elo's investments \(pdf\)](#)

[Elo's principles for responsible investment \(pdf\)](#)

[Elo's ownership policy \(pdf\)](#)

