

ANNEX II

Template for pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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.

Product name: OP-Rental Yield special common fund

Legal entity identifier: FI4000060934

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> Yes	<input checked="" type="radio"/> <input type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ____ % <div><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div> <div><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div>	<input checked="" 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 20% of sustainable investments <div><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div> <div><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div> <div><input type="checkbox"/> with a social objective</div>
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ____ %	<input type="checkbox"/> It promotes E/S characteristics but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes environmental and social sustainability by supporting sustainable urbanisation in the form of infill development and by favouring energy-efficient solutions. In selecting investments, locations that enable access to services on foot or by bicycle or public transport are prioritised. The Fund enables the construction of new, healthy homes and a high-quality alternative to home ownership. To the extent that the Fund makes investments in line with the EU Taxonomy, its aim is to promote climate change mitigation.

No benchmark value has been set to achieve the environmental and social characteristics promoted by the Fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*

The sustainability indicators monitored include the average energy class of properties, the production of renewable energy in properties, the number of homes built and the number of certified properties.

- *What are the objectives of the sustainable investments that the financial product partly intends to make, and how does the sustainable investment contribute to such objectives?*

Insofar as sustainable investments are made in the Fund, those investments in line with the EU Taxonomy which have set climate change mitigation as their environmental goals are considered sustainable investments. Climate change mitigation is promoted by investing in the options that meet the requirements of the EU Taxonomy.

- *How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?*

Insofar as the Fund makes sustainable investments with climate change mitigation as the environmental goal, it is assessed in line with the EU Taxonomy that the investment does not cause significant harm to other goals following the EU Taxonomy. The “do no significant harm” assessment related to property acquisition and possession comprises the assessment of physical climate risks concerning taxonomy-aligned investments. As part of the assessment, climate risk analysis is carried out for sustainable investments. This assessment progresses in phases and involves (i) a review of activities in order to define which physical climate risks may affect the properties during their expected lifetime; (ii) if the activities are assumed to be in danger due to one or more physical climate risks, an assessment of the significance of the climate risk based on the vulnerability of the property; and (iii) a review of adjustment solutions that decrease the identified physical climate risks related to properties.

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

Principal adverse impacts (PAI) on sustainability factors are regularly assessed by considering the PAI indicators applicable to investments in real estate assets. These indicators apply to risks related to fossil fuels and energy inefficiency, as well as greenhouse gas emissions.

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

The Fund invests mainly in housing or real estate companies owned by the Fund for 100% of their shares. 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 OECD's instructions and UN principles.

The EU Taxonomy sets out a “do no significant harm” principle by which taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take the EU criteria for environmentally sustainable economic activities into account. The investments underlying the remaining portion of this financial product do not take the EU criteria for environmentally sustainable economic activities into account.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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.



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



Yes Insofar as the Fund invests in real estate assets, principal adverse impacts (PAI) on sustainability are regularly assessed by considering the PAI indicators applicable to investments in real estate assets. The indicators apply to risks related to fossil fuels and energy inefficiency, as well as greenhouse gas emissions.

Insofar as the Fund invests in other funds or companies that invest in real estate assets, principal adverse impacts (PAI) on sustainability factors are regularly assessed by reviewing the PAI indicators applicable to investments in either real estate assets or companies, as appropriate.

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



No



What investment strategy does this financial product follow?

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

OP-Rental Yield is a special common fund which mainly invests its assets in homes, commercial premises and residential construction contracting in Finland. The Fund promotes environmental and social characteristics and, to ensure it, uses environmental, social and governance (ESG) analysis and excludes certain investments. The Fund's investments are mainly made in rental apartments, which typically account for at least half the Fund's portfolio. In addition, the Fund invests a maximum of a fifth of its gross assets in residential construction contracting. These investments are made either directly to OP-Rental Yield's own construction contracting or indirectly in shares in limited partnerships engaged in building and renting homes. The Fund also invests in commercial premises, such as business and office premises. The Fund's yield and value are greatly affected by the general trend in the values and rental yields in the Finnish real estate market. The Fund's investments typically focus on growth poles and other regions considered the most attractive by the portfolio management.

- *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

The Fund has a minimum allocation for sustainable investments.

The following operations are excluded from investments, and the Fund's investment properties are not rented out to the following operations:

- mining, storing, transporting or producing fossil fuels
- storing, transporting, producing or supplying controversial weapons or nuclear weapons
- producing products that are addictive or harmful to health (such as the production of tobacco or large-scale production of intoxicating substances) or considered as adult entertainment
- with identified extremely severe environmental or social violations or UN Global Compact violations such as forced labour and corruption.

- *What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*

The investment strategy involves exclusion criteria based on which the investment universe is reduced. However, the Fund does not have a binding minimum amount for reducing the scope of the investments.

- *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.



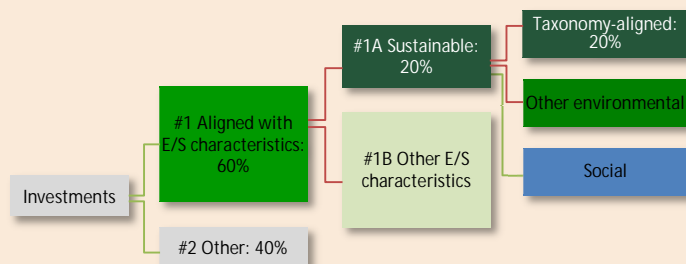
What is the asset allocation planned for this financial product?

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 such investments by the Fund promote environmental and social characteristics in the manner described in this Annex, and the minimum proportion of such investments is 60%. "Other" may comprise short-term net assets such as derivatives used for hedging of cash and the interest rate of loans, for example. Derivatives or cash cannot be considered to promote environmental or social characteristics. To the extent that the Fund makes sustainable investments, those investments aligned with the EU Taxonomy which have set climate change mitigation as their environmental goals are considered sustainable investments. The Fund's minimum allocation in sustainable investments is 20%.

Asset allocation describes the share of investments in specific assets.

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



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which neither promote the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics covers:

- The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

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. Sustainability factors cannot be determined for possible derivatives.



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

To the extent that the Fund makes sustainable investments, such investment objects whose environmental goal according to the EU Taxonomy is to limit climate change are considered sustainable investments. The Fund's minimum allocation in sustainable investments is 20%.

The compatibility with the EU Taxonomy regarding the acquisition and ownership of buildings may presuppose, for example, that the energy class according to the energy certificate for the building is "A", or that the building belongs to the top 15% of Finland's building stock in terms of energy efficiency. Thus, not all investment objects are in accordance with the EU Taxonomy (and thus not sustainable from the Fund's perspective). Over time, a building may cease to belong to the top 15%, depending on the energy efficiency of Finland's entire building stock.

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).

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.

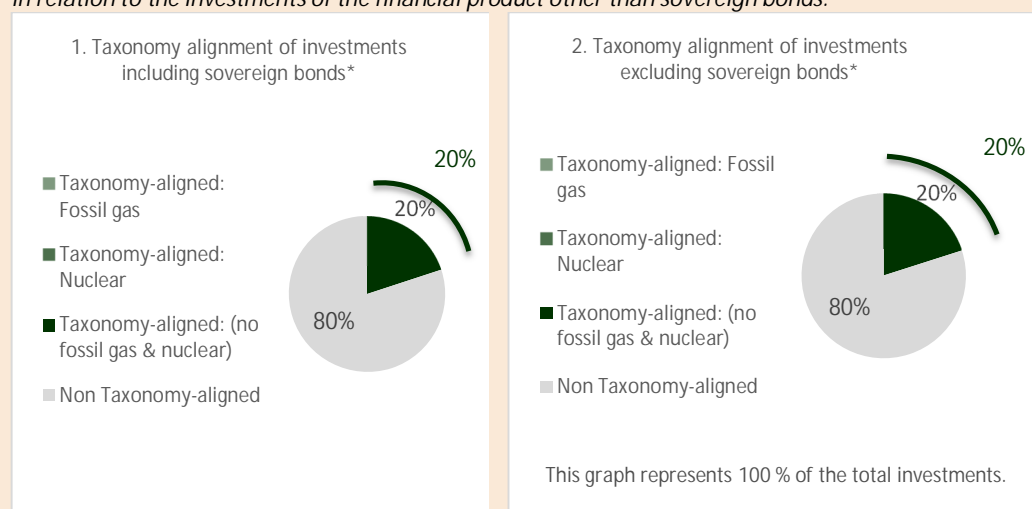
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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 of sustainable investments not in line with the EU Taxonomy.



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

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.



What investments are included under “#2 Other”, what is their purpose, and are there any minimum environmental or social safeguards?

“Other” may comprise short-term net assets such as cash or derivatives used for hedging of the interest rate of loans, for example. 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. Sustainability factors cannot be considered separately for possible derivatives.



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