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

Product name: eQ Social Infrastructure Fund
Legal entity identifier: 743700114BEZUO9W6P87

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

●● [x] **Yes**	●○ [ ] **No**
[x] It will make a minimum of sustainable investments with an environmental objective: 85%	[ ] 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
[x] in economic activities that qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
[x] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	[ ] with a social objective
[ ] It will make a minimum of sustainable investments with a social objective:	[ ] It promotes E/S characteristics, but will not make any sustainable investments

What is the sustainable investment objective of this financial product?

The Fund is a special investment fund that invests mainly in care and social infrastructure properties located in Finland. The assets are invested in properties that have a positive impact on climate change adaptation. Climate change adaptation is promoted by making sustainable investments in properties that are carbon neutral at the time of acquisition, or that the Fund can develop so that the Fund achieves carbon neutrality in-use energy consumption by 2030.

All investments, excluding other investments such as cash and derivatives, meet the definition of a sustainable investment.

The Fund's key responsible investment approaches are the integration of ESG into investment practices and active ownership and property development.

Climate change adaptation

The environmental objective of the properties is climate change adaptation. The investments, excluding other investments such as cash and derivatives, do not significantly harm other sustainability objectives. Climate change adaptation is promoted by making sustainable investments in properties that are carbon neutral at the time of acquisition, or that the Fund can develop so that the Fund achieves carbon neutrality in-use energy consumption by 2030. The measures for achieving the carbon neutrality target have been defined in eQ's low-carbon roadmap for real estate investments (2020). The attainment of the target is measured, monitored and reported annually to investors. The carbon neutrality target guides both the acquisition process for properties and the sustainability measures carried out in the properties during the ownership period. The objective is to reduce the carbon emissions of the properties in line with the Paris Agreement.

Some of the Fund's real estate investments may be environmentally sustainable economic activities that meet the criteria of the EU Taxonomy Regulation. At least 3% of the Fund's investments will be invested in environmentally sustainable economic activities that meet the criteria of the EU Taxonomy Regulation. Information on the Taxonomy alignment of an investment is obtained with the help of an external service provider by assessing the energy efficiency of the properties and the physical climate risks of the properties against the criteria under the "do no significant harm" principle for climate change adaptation under the EU Taxonomy. Separate Taxonomy criteria have been defined for properties built before 31 December 2020 and properties built after 31 December 2020.

BREEAM (Building Research Establishment's Environmental Assessment Method) In-Use certification is used to assess the performance of an individual property and the related maintenance operations, identify possible shortcomings and select areas for development. The target is that all assets in the eQ Social Infrastructure Fund are certified under BREEAM In-Use with a target rating of "Very Good".

Integration of ESG into investment practices

Sustainability risks and opportunities are systematically and practically integrated into the selection, monitoring and reporting of investment targets in all of eQ's investment areas. The objective of eQ's responsible and sustainable investment is to identify investment targets that benefit from sustainable operations and their return opportunities, and to reduce risk in investments.

At the acquisition stage of properties, the necessary due diligence reviews are always carried out, also taking sustainability considerations into account. Technical and environmental due diligence includes, among other things, a condition assessment, energy systems and sources, fulfilment of regulatory requirements, indoor air, zoning, use history, soil, radon mapping and flood risks. Sustainable modes of transport, the location of the asset from the perspective of public transport, and lifecycle cost management are also assessed. In new assets, energy-efficient and environmentally friendly material choices and design solutions are favoured. In the Fund's new developments, the possibility of using geoenergy, solar power and green district heating is always also examined.

When buildings are constructed, maintained and used, the Fund's activities emphasise safety, healthiness and functionality for users, builders and persons working in owner services.
When services and materials are procured, contractor obligations and socially responsible operating practices are taken into account. eQ's Supplier Code of Conduct is attached to all agreements, such as construction contracts and service provider agreements.

Exclusion

Property-specific exclusion that takes environmental aspects into account is used as one method for assessing investment targets. Properties that do not contribute to the attainment of the Fund's carbon neutrality target are excluded from the Fund.

Active ownership and property development

During the ownership period, measures are carried out in individual properties to promote responsibility and sustainability. Among other things, consumption data for all assets, including energy, water and waste, is collected, deviations are monitored and measures are taken based on the data. In addition, energy efficiency improvements are carried out in relation to ventilation, heating and cooling systems, lighting and the thermal insulation of structures.

eQ's real estate funds have adopted operational BREEAM certification as one important tool for monitoring and developing responsibility and sustainability at property level. BREEAM (Building Research Establishment's Environmental Assessment Method) assesses a building's environmental impacts in relation to management, energy and water consumption, materials and transport. BREEAM In-Use certification targets, including timetables and a Very Good target level, have been set for the funds' real estate assets. The certification is used to assess the performance of both the property and the related

maintenance operations, identify possible shortcomings and select areas for development.

Environmental and climate matters are a key theme in responsibility management for real estate investments. The aim is to find solutions with as low a carbon footprint as possible. Since the beginning of 2018, purchased electricity produced with renewable energy has been used in the real estate funds' assets, and since 2020 green district heating has been used in the majority of assets. In addition, the possibility of using geoenergy and solar power is always examined for the real estate assets.

Another important tool for monitoring and developing the implementation of responsibility and sustainability is the result of the portfolio-level GRESB sustainability assessment. Since 2019, eQ's real estate funds have participated in the international GRESB (Global Real Estate Sustainability Benchmark) sustainability assessment for the real estate sector.

Cooperation with significant stakeholders is also essential. An example is the regular tenant satisfaction survey, the purpose of which is to collect information on the satisfaction and experiences of asset users, and to identify areas for development in individual properties as well as in eQ's own operations and the operations and processes of cooperation partners. Cooperation on responsibility matters with eQ's suppliers is also important. eQ's Supplier Code of Conduct is always attached to all agreements, such as construction contracts and service provider agreements. eQ and the contractors used by eQ have zero tolerance for the grey economy, underpayment and illegal labour.

Reference benchmark of the Fund

The Fund does not have a reference benchmark because no such benchmark is available.

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

The attainment of the financial product's sustainable investment objective is measured, monitored and reported using indicators. The fund's key sustainability indicators are: a. carbon neutrality of in-use energy consumption by 2030, b. certification of the properties under BREEAM In-Use, or an equivalent certification, to at least BREEAM In-Use V6 Very Good level in Part 1, and c. the share of taxonomy-aligned properties in the fund.

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

eQ Fund Management Company's risk management monitors the attainment of the sustainable investment objective through the following thresholds:

a. Operational carbon emissions (CO2e) of all real estate investments are zero by 2030 at the latest.

b. Increase in the number of BREEAM In-Use certified properties, or properties certified according to an equivalent rating, in the Fund and the BREEAM In-Use V6 Part 1 ratings received by the properties, at least Very Good.

c. Minimum share of Taxonomy-aligned real estate activities: 3%.

In addition, the Fund has other sustainability indicators that are used to measure, monitor and report the attainment of the financial product's sustainable investment objective. The sustainability indicators are: the E-value of owned assets, carbon footprint CO2e/EUR million, waste recycling rate %, assessment of adverse sustainability impacts (PAI indicators), and consumption data of real estate assets, including emissions tCO2e, energy consumption (heating, cooling and electricity consumption) MWh, water m3 and waste t.

Cooperation with significant stakeholders is also essential. The related sustainability indicator is the regular tenant satisfaction survey, the purpose of which is to collect information on the satisfaction and experiences of asset users, and to identify areas for development in individual properties as well as in eQ's own operations and the operations and processes of cooperation partners.

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

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

eQ considers the principal adverse impacts of investments on sustainability factors (Principal Adverse Impact, PAI indicators) in accordance with eQ Asset Management's principles for responsible investment, to the extent that appropriate information is available.

To the extent that the eQ Social Infrastructure Fund makes Taxonomy-aligned sustainable investments with the environmental objective of climate change adaptation, it is assessed as part of the EU Taxonomy alignment that the investment target does not cause significant harm to the other environmental objectives under the Taxonomy. As part of the assessment, a climate risk analysis of sustainable investment targets will be carried out.

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

eQ considers the principal adverse impacts of investments on sustainability factors (Principal Adverse Impact, PAI indicators) in accordance with eQ Asset Management's principles for responsible investment, to the extent that appropriate information is available.

eQ monitors and reports two mandatory PAI indicators: a. exposure to fossil fuels through real estate assets and b. exposure to energy-inefficient real estate assets. In addition, eQ monitors and reports the following additional PAI indicators related to real estate. These additional indicators are: c. greenhouse gas emissions of real estate assets, d. energy consumption intensity of real estate assets and e. waste generated in operations.

If the PAI indicators for real estate assets indicate that an asset has significant adverse sustainability impacts compared with other Finnish properties, the fund manager will take measures to eliminate or minimise the adverse impacts.

The Fund is committed to the following numerical threshold for the PAI indicator:

d. Maximum share of real estate assets without facilities for waste sorting and not covered by a contract for waste recovery or recycling: 0%.

Information on principal adverse impacts on sustainability factors is available in the Fund's ESG report and in the Fund's annual report.

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

As the portfolio manager of the real estate funds, eQ Asset Management Ltd complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. If the fund were to have investments in companies, those companies would be subject to a qualitative assessment of their compliance with the OECD and UN principles.

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

Yes. The Fund considers the principal adverse impacts of investments on sustainability factors (Principal Adverse Impact, PAI indicators) in accordance with eQ Asset Management's principles for responsible investment, to the extent that appropriate information is available.

eQ monitors and reports the two mandatory sustainability indicators: exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets. In addition, eQ monitors and reports the following additional PAI indicators related to real estate. These additional indicators are: c. greenhouse gas emissions of real estate assets, d. energy consumption intensity of real estate assets and e. waste generated in operations.

Information on principal adverse impacts on sustainability factors is available in the Fund's ESG report and in the appendix to the eQ Funds' financial statements.

What investment strategy does this financial product follow?

eQ Social Infrastructure Fund invests in care and social infrastructure properties located in Finland. The assets are invested in properties that have a positive impact on climate change adaptation. Climate change adaptation is promoted by making sustainable investments in properties that are carbon neutral at the time of acquisition, or that the Fund can develop so that the Fund achieves carbon neutrality in-use energy consumption by 2030. The Fund's primary investment targets are properties suitable for the following uses: healthcare services, senior, supported and enhanced service housing, early childhood education, education and research activities, and other social activities.

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

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

- Compliance with eQ Asset Management's principles for responsible investment, which apply to all of eQ's investment areas.
- Systematic and practical integration of environmental, social and governance matters, i.e. ESG factors, into the selection, monitoring and reporting of investment targets.

- The Fund's environmental objective is climate change adaptation.
- Properties that do not contribute to the attainment of the Fund's carbon neutrality target are excluded from the Fund.
- The Fund promotes climate change adaptation by making sustainable investments in properties that are carbon neutral at the time of acquisition, or that the Fund can develop so that the Fund achieves carbon neutrality in-use energy consumption by 2030. The carbon neutrality target guides both the acquisition process for properties and the sustainability measures carried out in the properties during the ownership period.
- At the acquisition stage of properties, the necessary due diligence reviews are always carried out, also taking sustainability considerations into account. Technical and environmental due diligence includes, among other things, a condition assessment, energy systems and sources, fulfilment of regulatory requirements, indoor air, zoning, use history, soil, radon mapping and flood risks.

Asset allocation describes the share of investments in specific assets.

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

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

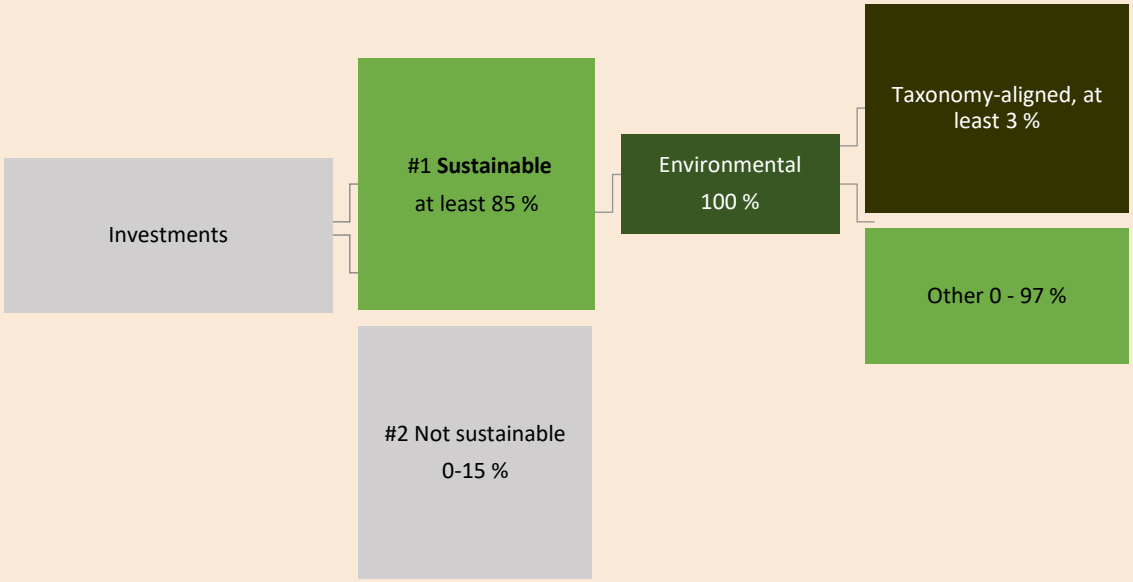
The Fund does not invest in companies, and therefore the policy for assessing good governance practices of companies does not apply to the Fund.

When buildings are constructed, maintained and used, the Fund's activities emphasise safety, healthiness and functionality for users, builders and persons working in owner services. When services and materials are procured, contractor obligations and socially responsible operating practices are taken into account in the Fund. eQ's Supplier Code of Conduct is attached to all agreements, such as construction contracts and service provider agreements.

In addition, when tenants are selected, the background of the tenant is assessed. Recommendations concerning responsibility are included in lease agreements.

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

At least 85% of the Fund's investments meet the definition of a sustainable investment. The remaining investments are cash assets or interest rate derivatives for hedging purposes. The portfolio is formed in accordance with the investment process and the allocation of investments is then reported in the manner required by the rules.



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

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 a 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 sustainable investment objective of the Fund is not attained through the use of derivatives.

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

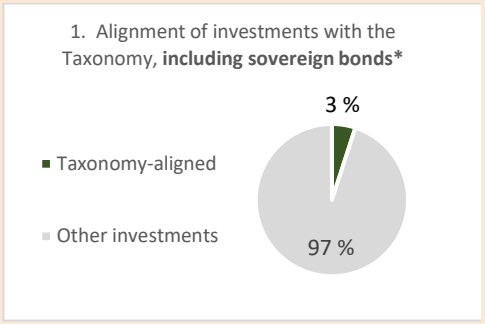
The Fund is committed to making Taxonomy-aligned investments as described below. Other investments that promote environmental factors are not Taxonomy-aligned sustainable investments. Not all properties in which the Fund may invest fall within the scope of the environmental objectives of the Taxonomy.

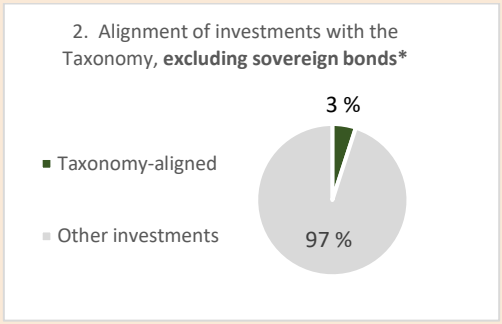
Information on the Taxonomy alignment of an investment is obtained with the help of an external service provider by assessing the energy efficiency of the properties and the physical climate risks of the properties against the criteria under the “do no significant harm” principle for climate change adaptation under the EU Taxonomy. Separate Taxonomy criteria have been defined for properties built before 31 December 2020 and properties built after 31 December 2020.

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?

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

To the extent that the investments are not environmentally Taxonomy-aligned, they are other environmentally sustainable investments. It should be noted that the Taxonomy criteria for properties still leave room for interpretation in 2025, and the interpretations made now may change and become more precise. For this reason, eQ does not yet wish to commit to a larger minimum share of Taxonomy-aligned investments before the Taxonomy alignment assessments for properties have been carried out carefully and over time.

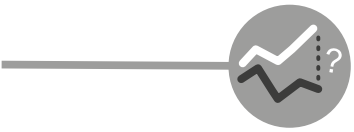
What is the minimum share of sustainable investments with a social objective?

The Fund does not have a minimum share of sustainable investments with a social objective.

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

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

The investments under "**#2 Not sustainable**" consist of the fund's cash assets held in a bank account. The cash assets relate to the fund's trading activities and the management of subscriptions and redemptions. The fund rules also allow investments in interest rate derivatives for hedging purposes. Such derivatives are not sustainable investments, but they are assessed to meet the minimum safeguards.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

The Fund does not have a reference benchmark because no such benchmark is available.

Where can I find more product-specific information online?

More product-specific information can be found on the website: https://www.eq.fi/en/funds/eq-social-infrastructure-fund