



Green Finance Framework

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Introduction

About HGR Partners Oy

HGR Property Partners is a Finnish real estate investment and development company founded in 2005, which owns a wide portfolio of real estate in collaboration with various partners. Our cooperative model is based on HGR taking responsibility for operational development activities. We invest in properties located in the Helsinki Metropolitan Area that are centrally located near public transportation and have strong development potential.

In our projects, we always pursue the common interest of all parties - the city, tenants, users, and investors. The starting point for our operations is the identification and implementation of various development opportunities, flexible and agile operations, and an in-depth understanding of our customers' needs. Through this, we are able to develop first-class and distinctive solutions that bring real added value to our customers and partners.

Our sustainable development projects create desirable commercial and residential environments for the long term, uniting a wide range of stakeholders in creating vibrant and effective urban spaces. In close cooperation with the key stakeholders, such as the cities of Espoo and Helsinki, architects, planners and contractors, we create healthy, desirable and quality premises for the occupiers and citizens. We strive to create environments, which improve the wellbeing of citizens while creating architecturally distinctive and ambitious premises. Thus, sustainability is a natural and integral part of our business, and our organization is engaged in sustainability efforts and activities.

HGR Property Partners aim is to develop sustainable and environmentally friendly spaces and buildings for all occupiers and citizens in a long-term perspective. Thus, sustainability efforts are significant to us and steer our everyday activities from the analysis of new investment possibilities to the development activities. HGR Property Partners' long-term goal is to develop only properties with carbon neutral energy usage by 2030. This is mainly achieved by energy efficiency activities like improvements in lightning and HVAC systems as well as on-site energy production and generation via geothermal heat wells and solar panel.



Sustainability Strategy

Enlivening the cities	Minimizing the GHG emissions	Energy efficiency and users' wellbeing as a priority
<p>Apart from environmentally friendly buildings, we create sustainable and prosperous urban environments for cities and their citizens. Along with creating services and amenities hosted by the occupiers of our buildings, we serve citizens with attractive public spaces and lively gardens.</p> <p>Through enlivening and compacting whole city areas with sustainable development, we aim to contribute to sustainable future through our greenhouse gas (GHG) emission reduction activities.</p>	<p>Through efficient use of land and space, we can enliven and transform underused areas into more cohesive and holistic part of the city. By creating spaces that support sustainable development in cities, we can contribute to the reduction of GHG emissions caused by built environment and urban sprawl. We aim to create sustainable and innovative solutions for both occupiers and citizen while meeting our sustainability targets. Existing buildings lifespans are expanded by major refurbishments and new buildings are developed as sustainable as possible for a long lifespan.</p>	<p>Energy efficiency and users' wellbeing are highly prioritized in our development projects. The LEED environmental certification scheme has been used in all major commercial refurbishment projects since 2012, the minimum certification level achieved being LEED Gold. HGR Property Partners aims to uphold a 100% percentage level of environmental certificated buildings using mostly the LEED and WELL rating systems. The minimum level for all future development projects is LEED Gold, but our ambitions are high, and we strive for LEED Platinum certification whenever feasible.</p>

Development activities directed by sustainability






As the built environment is responsible for approximately 40 percent of anthropogenic greenhouse gas (GHG) emissions, we as an active player in the real estate development and investment sector must take activities to continuously improve the performance of our assets. The key activities in our projects include, but are not limited to, lowering energy consumption, increasing the use of renewable energy sources and promote clean transportation.

Refurbishment projects with the goal of transforming unused space into more attractive spaces, which are suitable for modern needs, can create exciting premises, evolve the environment, and revitalize the cities. Moreover, refurbishment acts as both an environmental and social responsibility deed as rethinking and re-designing the existing real estate stock curbs the GHG emissions caused by construction activities. Innovative and collaborative approach with focus on creating new solutions is the core of our operations for both refurbishment and new construction projects.

Our aim is to develop sustainable and environmentally friendly spaces and buildings for all citizens and especially for the occupiers in a long-term perspective. Thus, sustainability efforts are of great importance for us and steer our everyday activities from the analysing of new investment possibilities to the actual development activities. Sustainability evaluations and environmental due diligence have been done throughout Company's history as part of other evaluations and due diligences, but for

projects established in 2021 and later they have been taken as separate examination subjects during the development phase. In addition, a comprehensive life-cycle assessment, including assessment of climate risk and resilience, shall be done for all projects to be certificated. HGR Property Partners Head of Sustainability has the operative responsibility for coordinating sustainability efforts and targets and reports directly to the company’s CEO.

As the Company’s project portfolio has increased substantially in the previous few years, HGR Property Partners is getting increasingly involved in the sector specific dialogue on sustainable and environmentally friendly actions. HGR Property Partners a member of the Green Building Council Finland (FIGBC). The Company has also identified how its operations are linked to United Nations Sustainable Development Goals. HGR Property Partners is committed in contributing to the following linkages found:

UN SDGs	Description	HGR Property Partners contribution
	Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	Targets 7.2 & 7.3 – Increasing the share of renewable energy used step-by-step up to 100% by 2030
	Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	Target 9.4 – Upgrading infrastructure as well as implementing resource-use efficient building methods in our development projects
	Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable	Target 11.6 – Controlling of air quality and emissions, paying special attention in waste management processes and sorting and minimizing the life-cycle emissions including the construction phase.
	Goal 12. Ensure sustainable consumption and production patterns	Targets 12.2 & 12.5 – HGR Property Partners goals are in line with the targets of achieving efficient use of natural resources as well as providing opportunity for the users of our buildings to substantially reduce waste generation
	Goal 13. Take urgent actions to combat climate change and its impact	Target 13.1 – Strengthening resilience and adaptive capacity to climate-related hazards and natural disasters with comprehensive life-cycle assessments and ESG due diligences

Developing sustainable cities

Energy efficiency and users’ wellbeing are highly prioritized in our development projects. All of our refurbishment projects have a target to reduce of energy consumption by at least 30% and in all new developments the aim is to achieve an Energy Performance Certificate (EPC) class A and in refurbishments class B. Both of these are subject to regulation, for example on protected buildings.

In addition, the LEED environmental certification scheme has been used in all of our major commercial refurbishment projects since 2012, the minimum certification level being LEED Gold. HGR Property

Partners aims to uphold a 100% percentage level of environmental certificated buildings. In addition to LEED and WELL certification schemes, we aim to implement BREEAM within our operations in the future projects. The minimum level for all future development projects is LEED Gold or BREEAM Excellent, but our ambitions are high, and we strive for LEED Platinum or BREEAM Outstanding certification whenever feasible. The LEED and BREEAM certifications are a result of our actions towards energy efficiency and environmental friendliness. However, the certifications do not address all our actions towards sustainable buildings. For example, most of our sustainable material or innovative technology solutions are not addressed in the certification schemes.

Apart from environmentally friendly buildings, we create sustainable and prosperous urban environment for citizens. Through enlivening whole city areas with sustainable development, we aim to contribute to sustainable future through our GHG emission reduction activities. We plan our projects in close cooperation with the cities of Helsinki and Espoo and their residents. During the planning stage we get feedback from both the cities' representatives as well as local residents.

Minimising construction phase emissions

Since majority of properties' emissions come from the construction phase, we are paying close attention to it. We mainly use project management contracting where we are responsible for the technical solutions and can ensure our ESG-targets to be achieved. We align our head contractor and principal designers with our values through separate guidelines, which are attached to all major contracts. During the development phase, we place strong emphasis on the construction phase and its impact on life-cycle emissions. Already at the project development stage, we identify and define the materials that generate the majority of carbon emissions and replace them with low-carbon or carbon-neutral alternatives. In construction phase we will track the carbon footprint of projects in close cooperation with the construction company including e.g. the materials and the logistics. Also, in major refurbishments the life-cycle carbon footprint will be calculated and analysed during development phase. HGR Property Partners takes embodied emissions into account by already at the project development stage identifying and defining the materials that generate the majority of carbon emissions and aiming to replace them with low-carbon or carbon-neutral alternatives. In construction phase HGR tracks the carbon footprint of projects in close cooperation with the construction company. HGR follows the Finnish Construction Act limits for embodied carbon emissions in all its projects. In addition, although managing emissions on a project-by-project basis is the most efficient way to manage embodied emissions, HGR has also calculated and set internal targets to follow and reduce emissions on a company level.

Improving holistic wellbeing together with tenants

Building sustainable properties and spaces alone does not directly lead to efficient use of energy and holistic wellbeing amongst the occupiers of buildings. Hence, activities towards binding the occupiers in creating sustainable activities and improving environmental friendliness are made in HGR Property Partners to an increasing extent. The WELL certificate, used in our activities, itself is all about healthy and sustainable environments for tenants and shows how we provide conditions for occupiers of our properties to operate in a sustainable manner. Flexible fit outs serve different purposes of use throughout properties lifetimes. On top of WELL certifications, we create incentives for improving sustainability together with the tenants for the tenants. Cycling and public transportation is encouraged via great accessibility and comprehensive social premises. These include for example good

showering possibilities as well as bicycle and electric scooter racks. Also, electric vehicle stations occupy an ever-increasing share of our properties' car parks.

HGR Property Partners as a responsible employer

The wellbeing of the Company's compact work community is the foundation for sustainable actions at HGR Property Partners. Creating a flexible and open work community helps individual experts to thrive. Low, or barely non-existent, hierarchy and comprehensive employee benefits as well as active support for healthy lifestyle create favourable conditions for high wellbeing. HGR Property Partners Oy employs a diverse group of 18 experts of whom 33% are women and 67% men. The average age at HGR is 37 years, the youngest expert being 26 years and oldest 68 years old.

Risk mitigation operations and social responsibility

The external risks for our development projects will be evaluated in the future as we plan to take a life-cycle assessment, including assessment of climate risk and resilience, as part to our development activities. Also, following the Act on Contractor's Obligations and Liability in Finland the suppliers must conduct a third-party report on its activities, whereas statutory payment as well as occupational health care obligations are checked. HGR Property Partners policies and values guide our everyday activities in a socially responsible manner. Within our operations we have a zero tolerance towards corruption and bribery, and we strive to be a trustworthy and transparent partner towards all our stakeholders.



Green Finance Framework

This Green Finance Framework has been developed in accordance with the Green Bond Principles (GBP) 2025 established by the International Capital Markets Association (ICMA), as well as the APLMA, LMA and the LSTA Green Loan Principles (GLP) 2025. HGR Property Partners may under this framework issue green debt instruments including but not limited to green bonds and green loans.

The Green Finance Framework has been developed to be aligned with the core components of the GBP and GLP:

1. Use of Proceeds (UoP)
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

S&P will provide a Second Party Opinion on this Green Finance Framework, which will be made publicly available at HGR Property Partners's website.

Use of Proceeds

The net proceeds of each Green Finance Instrument will be used to acquire, fund or refinance, whole or in part, new or existing projects according to this Green Finance Framework and within HGR Property Partners, its subsidiaries, Joint Ventures, or any acquired entities. Proceeds will finance Eligible Assets and Projects according to this framework in part or in full that identifies and manages environmental and societal risks as determined by HGR Property Partners within the sustainability policy.

All the Eligible Assets provide significant environmental benefits and contribute to the ambitious aim of transitioning towards low-carbon growth and carbon neutral energy usage in line with HGR Property Partners initiatives.

HGR Property Partners intends to allocate a majority of proceeds raised into Green buildings. The proceeds raised based on this Green Finance Framework can be applied towards new and existing capital expenditures and assets, according to the eligibility criteria below in this framework, which promote environmental and societal benefits and identifies and manages potential social and environmental risks as defined by HGR Property Partners within the Code of Conduct, Environmental policy and other guidelines and instructions available on company website. Green Debt Instruments issued under this framework will be referenced in the associated legal document.

EU Taxonomy

Conscious of the importance of a common definition of sustainable activities, each of the Eligible Green Categories are mapped to the relevant UN Sustainable Development Goals as well as EU environmental objectives. In addition, HGR Property Partners will ensure that the Eligibility Criteria of the Eligible Green Projects and Asset are consistent, where relevant, possible and on a best effort basis, with the EU Taxonomy Regulation eligibility criteria and the Delegated Acts on Climate Change Mitigation and Adaptation adopted in June 2021 (the EU Taxonomy).

Financing and Refinancing

The net proceeds raised from green debt will be allocated to finance and refinance Eligible Assets and Projects as determined by HGR Property Partners Green Finance Committee in accordance with this Green Finance Framework.

Financing is defined as allocation of the proceeds of the issuance of Green Financing Instruments to fund current and future Eligible Green Assets and Projects realized after green debt issuances, with a look back period of up to 12 months.




Refinancing is defined as allocation of the proceeds of the issuance of Green Financing Instruments to Eligible Assets and Projects with a look-back beyond 12 months as long as they provide clear environmental benefits.



Information about the split between financed and refinanced assets will be included in the annual Green Finance Report.


Exclusions


HGR Property Partners does not finance fossil fuel or nuclear energy generation, the weapons and defence industries, potentially environmentally negative resource extraction nor gambling or tobacco in any way.

Eligible Green Categories

Green Buildings	
<i>Criteria:</i>	<i>EU Taxonomy Activity:</i>
<p>Financing the acquisition and ownership buildings is eligible under this framework, if it complies with one or more of the following criteria:</p> <ol style="list-style-type: none"> 1. <u>Existing buildings (built before 31 December 2020):</u> <ul style="list-style-type: none"> • the building has at least an Energy Performance Certificate (EPC) class A, or • the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock, or • the building has or is intended to receive through major refurbishment a design, post-construction or in-use stage certification in any of the following building certification schemes as the below defined threshold level or better: <ul style="list-style-type: none"> • LEED Gold • BREEAM Excellent 2. <u>New buildings (built after 31 December 2020):</u> <ul style="list-style-type: none"> • the Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures, or • the building has at least an Energy Performance Certificate (EPC) class A. or • new developments of commercial buildings that target a design stage certification verified by any of the following building certification schemes as the below defined threshold level or better, and that obtain at least 80% of the points within energy category. <ul style="list-style-type: none"> • LEED Gold • BREEAM Excellent 3. <u>Renovations:</u> <ul style="list-style-type: none"> • the building renovation complies with the applicable requirements for major renovations. • the renovation leads to a reduction of primary energy demand (PED) of at least 30 %. 	<p><i>7.7 Acquisition and ownership of buildings</i></p> <p><i>7.1. Construction of new buildings</i></p> <p><i>7.2 Renovation of existing buildings</i></p>
Substantial Contribution to EU Environmental objective: <i>Climate change mitigation</i>	
<p>UN SDGs:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>	

Energy Efficiency	
<i>Criteria:</i>	<i>EU Taxonomy Activity:</i>
<p>Financing of projects that include major refurbishments with a target in reduction of energy consumption of 30%.</p> <p>This includes for example:</p> <ul style="list-style-type: none"> • upgrades to HVAC systems; • energy management optimisation systems such as building management systems; • upgrades, or installations to electrical and energy efficient lighting systems; • insulation and facades which allow for improved natural light and passive ventilation; • addition of insulation to existing envelope components, such as external walls (including green walls), roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges) and products for the application of the insulation to the building envelope (including mechanical fixings and adhesive); • replacement or repairment of existing windows with new energy efficient windows; • replacement of existing external doors with new energy efficient doors; • installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies; and • installation of low water and energy using kitchen and sanitary water fittings. 	<p>7.3 & 7.6 <i>Installation, maintenance and repair of energy efficiency equipment and renewable energy technologies</i></p>
<p>Substantial Contribution to EU Environmental objective: <i>Climate change mitigation</i></p>	
<p>UN SDGs:</p>  	

Green Transportation	
<i>Criteria:</i>	<i>EU Taxonomy Activity:</i>
Projects relating to clean transportation solutions. <ul style="list-style-type: none"> • Infrastructure supporting electric and hybrid vehicles, such as charging stations. 	<i>7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)</i>
Substantial Contribution to EU Environmental objective: <i>Climate change mitigation</i>	
UN SDGs: 	

Renewable Energy	
<i>Criteria:</i>	<i>EU Taxonomy Activity:</i>
Financing of projects that include on-site renewable energy generation systems such as solar and wind systems. This section also includes projects relating to off-site renewable energy generation which include for example biogas and geothermal energy.	<i>4.1, 4.3 & 4.6 Electricity generation from solar power, wind power & geothermal energy</i>
Substantial Contribution to EU Environmental objective: <i>Climate change mitigation</i>	
UN SDGs: 	

Process for Project Evaluation and Selection

HGR Property Partners has established a Green Finance Committee (GFC) to ensure the selection and evaluation of eligible assets according to this Framework. The GFC evaluates the Eligible Assets on biannual basis. Members of the GFC consists of representatives from Management and Finance department, Head of Sustainability and in close cooperation with relevant property development directors.

The committee will meet as often as required, however at least twice a year. All decisions are made in complete consensus and all decisions are documented and, in each case, are subject to the veto right by the Head of Sustainability. The ultimate decisions are confirmed by the board. The main responsibilities of the Green Finance Committee include but are not limited to:

- I. Evaluation of new assets to be acquired whether they are in line with the Eligible Assets criteria's according to this framework;
- II. Ongoing monitoring of the Green Portfolio, and assisting development teams in making sure that right kind of and judicious steps are taken towards sustainable developments and environmentally friendly buildings;
- III. Validating sustainability reports regarding this Framework; and
- IV. Maintaining this Framework up to date and making sure it complies with official standards and regulations.

An up-to-date list of Eligible Assets, based on the criteria in this Framework, is kept by the Finance Department.

Management of Proceeds

The Finance department and CFO as the responsible person will manage the net proceeds from Green Finance Instruments on a portfolio basis, and to ensure traceability, all Green Finance Instruments will be tracked in the HGR Property Partners' finance system, which will form the basis for the impact and allocation reporting. The net proceeds from Green Finance Instruments will be used to finance or refinance existing and new Eligible Assets. Any unallocated net proceeds will be managed at the Company's discretion and used in accordance with Company's financing policies.

HGR Property Partners intends to allocate the proceeds of the Green Debt Instrument at the earliest convenience and commits on a best effort basis to reach full allocation within two years after the issuance.

Reporting

HGR Property Partners is committed to transparent allocation and impact reporting on any relevant Green Finance Instrument. Over the duration of outstanding Green Debt Instruments, HGR Property Partners will publish an annual Green Finance Report on the allocation and impact of the Green Debt Instruments issued under the Green Finance Framework. Where relevant, HGR Property Partners will seek to align the reporting with the latest standards and practices as identified by ICMA in the Handbook Harmonised Framework for Impact Reporting issued in June 2024 or any update of this document.

The Green Finance Report will provide information on the allocation of the proceeds of Green Finance Instruments and the environmental impacts of Green Finance Projects financed by the instruments. The impact report will, to the extent feasible, also include a section with methodology, baselines and relevant impact metrics. The information will be made publicly available on HGR Property Partners' website.

In addition to Green Debt Instruments issued in the capital market, the company may have Green Loans provided by lending institutions. Green Loans taken by HGR Property Partners may be provided by lending institutions that finance these by issuing Green Bonds. Where a green loan takes the form of one or more tranches of a loan facility, each green loan tranche shall be clearly labelled and tracked. HGR Property Partners will report the aggregate amount of Green Loans taken and specify Eligible Assets and Projects that have been financed by a Green Loan in a separate section of the Green Finance Report.

Allocation Reporting

The allocation report will, to the extent feasible, include the following components:

- I. Total amount of Green Finance Instruments issued, and the type of financing utilized;
- II. The share of proceeds used for financing versus re-financing of projects;
- III. The amount of unallocated proceeds; and
- IV. A closer description of some of the Eligible Projects in Green Portfolio to which net proceeds have been allocated to.

Impact Reporting

HGR Property Partners strives to be as transparent as possible and to report the environmental impact of Eligible projects, which are financed by Green Finance Instruments. Also, quantitative Impact Reporting indicators and measures are reported to the extent possible and where relevant information of data is available. The below described Impact Reporting indicators are included in the Green Finance Investor Report, where feasible.

<i>Category of Eligible Assets</i>	<i>Examples of impact reporting indicators</i>
Green buildings	<ul style="list-style-type: none"> ○ Level and type of certification ○ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂) ○ Estimated annual carbon footprint (CO₂eq per sqm per year) including the construction phase emissions ○ Energy consumption of buildings (kWh per sqm and year) ○ Energy savings annually (MWh)
Green transportation	<ul style="list-style-type: none"> ○ A description of actions, such as number of charging stations for electric vehicles installed and/or number of bicycle or electric scooter racks installed.
Energy efficiency	<ul style="list-style-type: none"> ○ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂) ○ Energy savings annually (MWh)
Renewable energy	<ul style="list-style-type: none"> ○ Renewable energy capacity installed (MWh) as well as asset's share of total energy use supplied by the installation ○ Estimated annual greenhouse gas emissions reduced or avoided (tCO₂)

External Review

Second Party Opinion (pre-issuance)

HGR Property Partners will obtain an independent, ex-ante external review, Second Opinion of this Green Finance Framework from S&P, in accordance with the Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews developed by the Green and Social Bond Principles, an independent, ex-ante Second Party Opinion on HGR Property Partners's Green Finance Framework. The full Second Party Opinion and this Framework will be publicly available on HGR Property Partners's website.

External verification (post issuance)

On an annual basis, HGR Property Partners will engage an independent external auditor to provide a limited assurance on both allocation, until the proceeds of the Green Finance Instrument have been fully allocated. This will confirm that the allocation has been carried out in all material respects in compliance with the Eligibility Criteria set forth in this Framework. The Green Finance Report and the related limited assurance report will be available on HGR Property Partners's website.

