



CLIMATE TRANSPARENCY REPORT 2020

LocalTapiola Real Estate Asset Management Ltd.

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-0A791D7A-CCE3-47DB-8BAF-9373CC287DC3/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	LocalTapiola Real Estate Asset Management Ltd.
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	>50% Property Internally Managed
Signed PRI Initiative	2010
Region	Europe
Country	Finland
Disclosure of Voluntary Indicators	29% from 38 Voluntary indicators

LocalTapiola Real Estate Asset Management Ltd.

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01.6	Additional information [Optional].
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- LocalTapiola Real Estate Asset Management has been engaged to the energy saving targets set by the real estate industry in Finland. The main goal for the energy saving targets of Finnish real estate industry is to prevent climate change.
- The construction regulations in Finland set strict requirements for the building structures, i.e. energy efficiency. In our investment strategy we require that the Finnish regulations and high energy efficiency level have been followed during the construction phase.
- LocalTapiola Real Estate Asset Management has confirmed the construction and design guidelines which sets requirements exceeding the Finnish Construction standards
- During the zoning phase the potential risk for floods are taken into account. The micro location and structural design are adapted according to the risk.
- We have environment guidelines for big construction projects in order to improve the recycling and re-using of construction waste
- We don't accept the properties built on polluted soil. Polluted soil need to be cleaned/removed before the construction project/transaction and inspected by environment authorities.
- We are actively looking for opportunities to use of renewable energy sources in our properties. For example, we have built several solar power plants in recent years.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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During the real estate acquisition phase, an EDD survey is conducted to investigate the climate risks associated with the location (eg floods and treatment of rainwater on the site).

The life cycle planning of existing properties takes into account the technical features of technical systems and maintains properties to minimize technical risks.

No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

No

Describe why your organisation has not yet assessed the likelihood and impact of climate risks

In Finland, the climate risks to real estate are relatively low.

Properties located in flood areas are prepared for floods. Increasing rainfall and winds are placing increasing demands on facades and roofing materials, but this can be taken into account in the life cycle planning of sites.

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

Explain the rationale

We manage and invest only in real estates, our focus sustainability reporting is based on sustainability measures relevant for real estate industry such as GRESB. According to our analysis it is the most comprehensive and comparable ESG related data bank which covers USD 4.5 trillion in real estate and infrastructure value and is used by more than 100 institutional and financial investors to make decisions that are leading to a more sustainable real asset industry.

GRESB is currently evaluateing the TCFD recommendations and considering applying its guidance to investment management, reporting, and stakeholder engagement practices.

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

When making investment decisions, we take into account the risks associated with the location. Extreme weather conditions need to be prepared for with good property maintenance.

- No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Technical, energy and environmental manager

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6
CC For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

LocalTapiola Group is actively working for climate change together with Finance Finland organization (the organization representing companies in finance sector in Finland). For example, Finance Finland supports publicly TCFD (Task force on climate related financial disclosures). The role of the members of the board is to implement LocalTapiola's group level strategy to LocalTapiola Real Estate Asset Management's strategy.

SG 07.7
CC For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

RI and climate-related issues and targets are set by the board of directors at least annually. CEO, Real Estate Investment Director and Real Estate Director form the company's executive management board. Executive management board implements RI and energy efficiency targets to different functions. Property managers are responsible on property level of the ESG targets, Environmental Manager is responsible for implementing the energy efficiency policies and Portfolio Managers are responsible for implementing ESG issues in investment processes.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1 Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.3 Additional information. [OPTIONAL]

In the pre-selection phase of a new property investment a short check list that covers ESG issues is used. This includes viewpoints such as environmental performance, tenant reliability, occupancy, technical condition and real estate company information. If the majority of the set requirements are met, the investment process may continue to the next level in which more information is gathered and careful analysis is made. Weaknesses regarding ESG issues usually lead to the rejection of the investment.

When the investment process goes on, the phase after the indicative bid is followed by a careful due diligence process in which also external experts and advisors may be used. In this phase all the elements of ESG are analysed.

The process is the same regardless of property type or location. The analysis is made in close cooperation with the asset management company's experts (e.g. environmental manager).

SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
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- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.
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- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

	other description
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- Energy use in properties is monitored and reported
- None of the above

SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Increase energy efficiency	MWh	
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Decrease carbon footprint of properties	CO2,t	
Total carbon emissions	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

SG 14.7 CC	Describe in further detail the key targets.
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Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2017-2025		Engagement to decrease the energy consumption (commercial properties)	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2017-2025		Engagement to decrease the energy consumption (residential properties)	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management
- Processes for climate-related risks are not integrated into overall risk management

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No