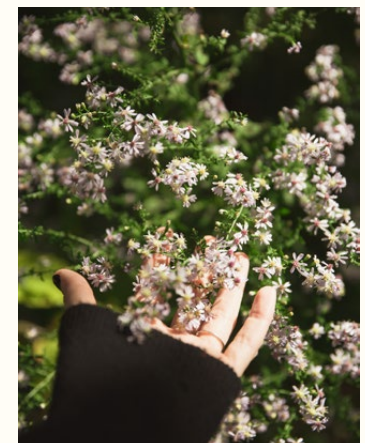
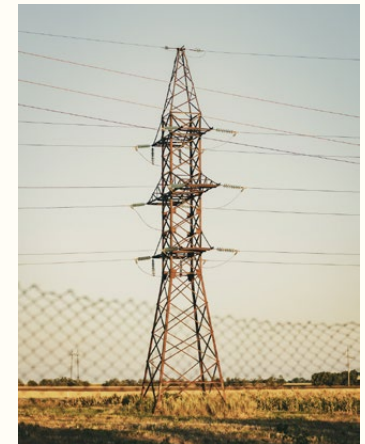


**SUSTAINABILITY  
REPORT 2023**



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We continuously develop our operations and explore new ways to promote sustainable development in our real estate investments.



# FOREWORD

As we reflect on the passing of yet another year, it's evident that 2023 marked a shift from conceptualisation to implementation in our sustainability journey. Building upon the groundwork laid in the previous year, our focus shifted towards the execution of our sustainability goals and metrics.

Throughout the year, we have pursued various sustainability initiatives, each contributing to our goals. Through systematic approaches, we have made tangible progress towards our sustainability targets. For that, I have our whole Colony team to thank.

One of the most encouraging developments has been the growing consciousness among both our existing and new tenants regarding sustainability practices. Their increasing engagement not only reflects a shared commitment to environmental responsibility but also serves as a motivation for us, as landlords, to continuously improve the sustainability performance of our properties.

Despite the challenges posed by changing work dynamics, such as remote and hybrid work arrangements impacting office leasing, we have remained steadfast in our pursuit of excellence. The sustained increase in our occupancy rates underscores the resilience and relevance of our green hybrid office concept, reaffirming its enduring appeal in an ever-changing landscape.

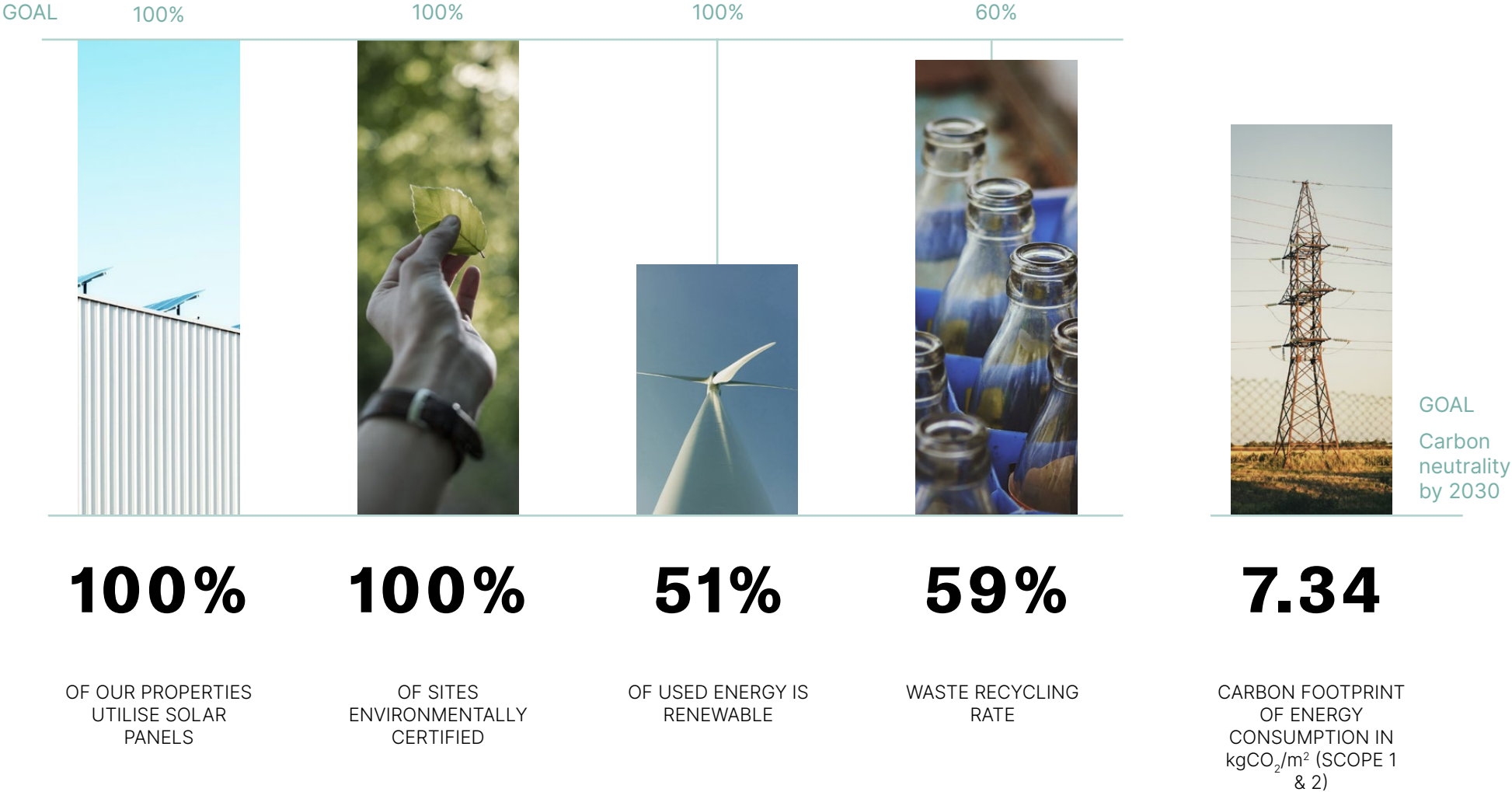
We hope that this sustainability report will once more serve as a testament to our collective dedication, progress, and unwavering commitment towards a more sustainable future.

Warm regards,

Leo Suokannas, Director, Colony

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# THE YEAR IN BRIEF



# THE COLONY GROUP

**Colony is a private real estate company operating in the Helsinki Metropolitan Area, offering modern, flexible and sustainable office facilities that support hybrid work.**

We generate value for our shareholders through active property management, strong tenant relationships, and a strong commitment to ESG enhancement initiatives. Concurrently, we are actively expanding our portfolio by acquiring suitable properties to integrate with our existing network, which features over 100,000 square meters of high-quality space.

Sustainability is at the core of our operations. We offer tenants and their employees modern, future-proofed offices by implementing a brown-to-green real estate development strategy. As a purpose driven company, our mission extends beyond financial returns to include creating positive social and environmental impact. The company's operations cover the entire value chain of real estate development, which includes acquisition, development and property management.

We are committed to the UN Sustainable Development Principles and the UN Global Compact initiative. The Colony group is owned and managed by Altaal and Avant Capital Partners, with the ambition to provide next generation office experience.

## OUR PROPERTIES ARE:

- **Colony Airport** (KOy Vantaan Tietotie 9) – an energy-efficient office equipped with amenities, right by the runway
- **Colony Leppävaara** (KOy Espoon Andante) – one of the Helsinki Metropolitan Area's top 3 most energy-efficient office buildings
- **Colony Pitäjänmäki** (KOy Pitäjänmäen Karvaamokuja 2) – newly renovated, innovative office building
- **Colony Tapiola** (KOy FMO Tapiola) – one of the tallest wooden office buildings in Europe.

In addition, we have one joint ownership property, Colony Vallila (KOy Vallilan toimisto). Information on this property is not included in this report.



## KEY FIGURES OF 2023

**4**

Number of sites\*

**~30**

Number of leases

**120 000**

Gross\* area of sites, m<sup>2</sup>

**~80**

Occupancy rate, %

\*The information includes our 100% owned properties

# SUSTAINABILITY IS AT THE CORE OF OUR OPERATIONS



## SUSTAINABILITY STRATEGY

We are committed to continuously develop our operations and explore new approaches to advance sustainable development in our real estate investments. Our vision is to provide tenants with modern, energy-efficient, full service office facilities that support hybrid work. We employ a brown-to-green approach, focusing on developing existing properties while addressing the different aspects of sustainability. Our sustainability efforts encompass the three dimensions of ESG: environmental, social and governance. Within these dimensions, we have identified the most material issues to our business and established strategic sustainability targets for 2025. We began to pursue these targets during 2022 and continued our efforts in 2023.

The sustainability programme is a robust action plan to ensure that the objectives of the sustainability strategy are achieved. The sustainability programme is implemented in cooperation with the technical managers of the properties, and the progress of the sustainability work is reported annually in this public sustainability report.

## STRATEGIC SUSTAINABILITY TARGETS FOR 2025

### ENVIRONMENTAL

100% of assets have environmental certificates by 2025, at least level Very Good (BREEAM) or Gold (LEED)

Carbon neutral energy by 2030 (Scope 1 & 2)

Waste recycling rate 60%

Energy efficiency: energy performance value max 122 kwh/m<sup>2</sup>/a

Promoting sustainable transport

### SOCIAL

Mapping the current level of tenant satisfaction NPS and setting target levels

Achieving an overall tenant satisfaction score of above 4

Increasing sustainability communication

### GOVERNANCE

Annual sustainability reporting

Documenting principles for sustainable investments

100% taxonomy-aligned properties

# SUSTAINABLE OPERATIONS MEAN CONTINUOUS DEVELOPMENT



THE ADOPTION  
OF SOLAR PANELS  
REDUCES THE NEED  
FOR PURCHASED  
ELECTRICITY

We are committed to sustainable development and responsible real estate investment. Here are some examples of sustainability measures implemented by Colony in 2023 and what sustainability means to us in practice.

## ENVIRONMENTAL RESPONSIBILITY

### PROMOTION OF SUSTAINABLE TRANSPORTATION

We want to promote sustainable mobility and reduce carbon dioxide emissions from traffic by offering our customers shared electric cars. Shared cars reduce the environmental impact of traffic, offer our customers an easy and sustainable mobility option, and promote the circular economy. In 2023, we introduced the Tesla Model 3 at Colony Pitäjänmäki, the company's first shared-use electric car, which was coloured in accordance with our brand image. Additionally, we promote sustainable transportation by providing bike storage spaces and locker rooms in all our properties. In 2023, we expanded the number of electric car charging stations across our properties. Furthermore, our building lobbies feature displays with public transportation timetables to encourage the use of public transport.

### SOLAR ENERGY PRODUCTION AT SITES

By 2023, all of our properties were equipped with solar panels, which produced up to 113 MWh of electricity that year. The adoption of solar panels reduces the need for purchased electricity, promotes sustainable development and reduces our carbon footprint. We have connected the solar panels to the Enerkey monitoring system, through which we monitor the panels' electricity production. In 2024, we will install information boards in the lobbies of the properties to display data produced by solar panels in an easy-to-understand format, offering our tenants the opportunity to follow what is happening on the rooftops in real time.

### ENERGY CONSUMPTION MONITORING

In 2023, we adopted the Enerkey monitoring system, which provides us with up-to-date and accurate data on the energy use of properties. Enerkey's system enables us to monitor and analyse the energy use of our properties effectively and in real time, which also allows us to better respond to requests from our tenants in the future. Our largest tenants either ask us regularly for consumption data on electricity, heating and water, or measure these themselves. New tenants ask for this information at early stages of lease negotiations, some as early as in the first showing of the property. We are also committed to promoting sustainable practices towards our tenants in the terms of the green lease agreement.

### CARBON NEUTRAL WASTE MANAGEMENT

We also want to mitigate climate change through waste management, which is why we switched to the carbon-neutral waste management service by Lassila & Tikanoja in all our properties in 2023. Emissions from waste management are mainly caused by transport and waste treatment. In carbon-neutral waste management, greenhouse gas emissions caused by the transport and treatment of waste are measured and compensated by sequestering an equivalent amount of carbon from the atmosphere by means of Gold Standard afforestation projects. In addition, Lassila & Tikanoja is constantly working to reduce emissions from transport through optimised routing, economical driving and an energy-efficient fleet, among other means. In addition to the carbon-neutral waste management agreement, it is very important for us to be able to promote the circular economy and recycling and reduce the amount of waste generated.

## SOCIAL RESPONSIBILITY

### TENANT SATISFACTION SURVEY

We conducted a tenant satisfaction survey in autumn 2023 in cooperation with our partner Newsec. The aim of the survey was to collect information on tenant satisfaction regarding the condition of the premises and services offered by the properties. The response rate to the tenant survey was 78% and the overall satisfaction score was 8.11, on a scale from 1 to 10.

Based on the survey, tenants are very satisfied with the premises and services, but there is room for improvement in communication and the management of property maintenance. The scores for common areas and office spaces were 8.22 and 8.44, respectively. Both communication and management of property maintenance received a score of 6.06. Scores over 8 are considered excellent.

We aim to develop the operations of our properties based on the survey's results, and intend to focus on communication in particular in 2024. We have established a separate working group consisting of lobby services, property managers, project managers, a communications officer and a landlord representative. The working group meets weekly to discuss current issues.

Based on the meetings, we send out weekly letters to tenants. In addition, we have acquired tenant portals for each property and intend to ensure that they are up-to-date. We will also install information boards in the lobbies of properties that do not yet have them. On the information boards, tenants can read the contents of weekly letters, the menus of restaurants in the property, how much green energy has been produced, and the most important contact information.

In addition, we have adopted a more proactive approach to communicating with tenants and aim to meet with tenants several times during the year. Our target is to raise the satisfaction score of communication and management of property maintenance to at least to the benchmark level, 6.66 and 6.64, respectively, during 2024.

### SUPPORTING HEALTHY LIFESTYLES

We support healthier lifestyles for our tenants by providing premises that encourage active living. Our sites are equipped with a full range of services, such as restaurants, gyms, barbecue terraces and sauna facilities.

Our properties in Pitäjänmäki, Tapiola and Airport are equipped with gyms in which we have piloted group fitness classes, personal trainer and massage services. In addition, a golf simulator has been installed at the Tapiola property, which has proven so popular that we are currently investigating how the service could be expanded to our entire network.



BASED ON THE SURVEY,  
TENANTS ARE VERY  
SATISFIED WITH THE  
PREMISES AND SERVICES.



## GOOD GOVERNANCE

### SUSTAINABILITY REPORTING

Good governance is the starting point of everything we do. For us, this means complying with laws and regulations, combating the shadow economy, and ensuring the transparency of communications and operations.

We publish an annual sustainability report on our progress towards our sustainability targets. Previously, we have investigated our readiness to begin reporting in compliance with the Global Real Estate Sustainability Benchmark (GRESB) and the Task Force on Climate-Related Financial Disclosures (TCFD). However, in 2023, we decided instead to invest in pursuing compliance with the EU Taxonomy and Paris Agreement and carried out a taxonomy assessment of our properties, which you can read more about in the next section, Climate change mitigation and adaptation. We examined compliance with the climate goals of the Paris Agreement using a CRREM analysis, which you can also read about in the next section.

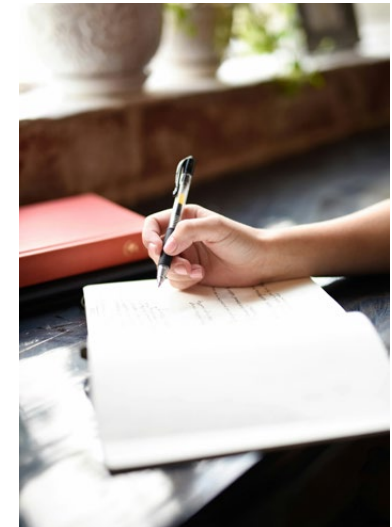
### ESG CRITERIA IN THE INVESTMENT PHASE

We are actively looking to acquire additional properties and have integrated ESG criteria throughout all phases of the investment process.

In the evaluation and deal screening phase, we use a simple sustainability checklist which covers risks and opportunities as well as topics such as energy efficiency of the property, social facilities and EU taxonomy compliance. After screening the asset, we perform more thorough due diligence by identifying material sustainability risks and opportunities in addition to financial, credit, liquidity and regulatory risks. If a property does not meet our environmental targets, we will take into account the work required to improve the property to the desired level in the investment decision.

Once the process moves forward, we form a business plan to include environmental, social and governance considerations into the property's overall strategy and operations. This plan ensures that properties are managed sustainably and engages tenants to promote sustainable practices. While we manage ESG issues and improve performance of our properties during the whole investment process, in the final phase, we concentrate on managing the most material ESG issues that can enhance asset value and reduce risk. We believe that good governance is an essential prerequisite for responsible economic development and promote it in our investments.

WE BELIEVE THAT GOOD GOVERNANCE IS AN ESSENTIAL PREREQUISITE FOR RESPONSIBLE ECONOMIC DEVELOPMENT AND PROMOTE IT IN OUR INVESTMENTS.



# CLIMATE CHANGE MITIGATION AND ADAPTATION

## TAXONOMY ALIGNMENT AND CLIMATE RISK ASSESSMENTS

**The taxonomy is a classification system created by the EU with the aim of directing investments towards sustainable economic activities.**

According to the Taxonomy Regulation, an activity is sustainable when it contributes to at least one environmental objective, does not harm other objectives and meets certain technical requirements and minimum safeguards. In line with our strategy, we strive to be in the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) in all our properties. In 2023, we carried out taxonomy alignment assessments for all of our properties in criteria related to climate change adaptation and mitigation. The assessment included an investigation of energy efficiency and a review of climate risks.

In terms of energy efficiency, Colony Airport and Colony Leppävaara met the energy efficiency requirement for the top 15% of activities. Colony Tapiola and Colony Pitäjänmäki met the energy efficiency requirement for the top 30% of activities. We are developing the energy efficiency of Colony Tapiola and Colony Pitäjänmäki in order for the properties to reach the top 15% in the future, according to the energy efficiency criteria of the taxonomy. This is a major undertaking that will require our focus over the next few years. However, all four properties are taxonomy eligible.

As part of the taxonomy assessment, climate risk assessments were also carried out for the properties. According to the assessment, Colony Tapiola faces a moderate climate risk due to the wood material used in the exterior of the building and expected increased rainfall in the future. Colony Leppävaara faces negligible climate risk and Colony Pitäjänmäki and Colony Airport only minor risk. Based on the taxonomy assessment, Colony Leppävaara and Colony Airport are aligned with the taxonomy in terms of climate change mitigation.



WE CARRIED OUT TAXONOMY ALIGNMENT  
ASSESSMENTS FOR ALL OF OUR PROPERTIES  
IN CRITERIA RELATED TO CLIMATE CHANGE  
ADAPTATION AND MITIGATION.

## CRREM ANALYSIS

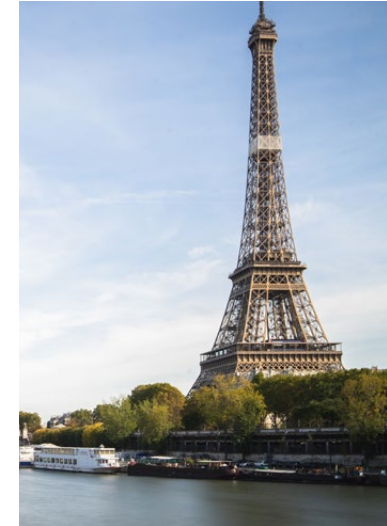
**The Carbon Risk Real Estate Monitor, or CRREM, is a tool developed for assessing climate risks in the real estate sector.**

The analysis shows whether the climate emissions of the properties are in line with the Paris Agreement. During 2023, we carried out a CRREM analysis of our properties. The analysis enables us to monitor the compliance of our properties with the Paris Agreement at the level of both individual properties and the portfolio as a whole. We use the tool to monitor the portfolio's transition risks.

According to the analysis, our portfolio is aligned with the 1.5°C target of the Paris Agreement well up until 2042. In Figure 1 (on the next page) it is shown that our first properties will be stranded in 2042, however, we will still be in line with the 2 degree-aligned decarbonisation pathway. As shown in Figure 2, if we do not take any energy measures, all four of our properties will fail to meet the target of the Paris Agreement before 2050, with the first property diverging in 2035, the second in 2036 and all remaining properties in 2043. Through various energy retrofit measures, such as increasing the proportion of renewably sourced energy and improving energy efficiency, we aim to reduce greenhouse gas emissions from our properties and ensure they are better aligned with the 1.5°C target of the Paris Agreement.

Renewable energy production was improved by installing rooftop solar panels in all our properties by the end of 2023. According to the analysis, only one of our properties would become stranded by 2046 if all properties were to undergo planned retrofit measures and have net zero emissions from electricity and heating, as shown in Figure 3. Other planned energy retrofit measures include, but are not limited to, automation changes and repairs, renovation of the thermostatic radiator valves and balancing of the heating network, roof renovations, sealing and repairing windows and glazed walls, and renovating the water-cooling units.

Location and market-based emission coefficients have been used in the calculation of the CRREM analysis. The market-based approach calculates emissions according to the emission coefficients of purchased energy, while the location-based approach uses country-specific average coefficients. Because CRREM recommends the use of location-based coefficients, we report on the progress of our portfolio with location-based coefficients. The CRREM working paper automatically takes into account changes in heating or cooling needs due to climate change, as well as the expected development of emissions from electricity and heating grids.



THE ANALYSIS SHOWS  
THAT OUR PROPERTY  
PORTFOLIO IS ALIGNED  
WITH THE 1.5°C  
TARGET OF THE PARIS  
AGREEMENT

Figure 1: **AVERAGE PORTFOLIO GHG INTENSITY VS. PARIS TARGETS**

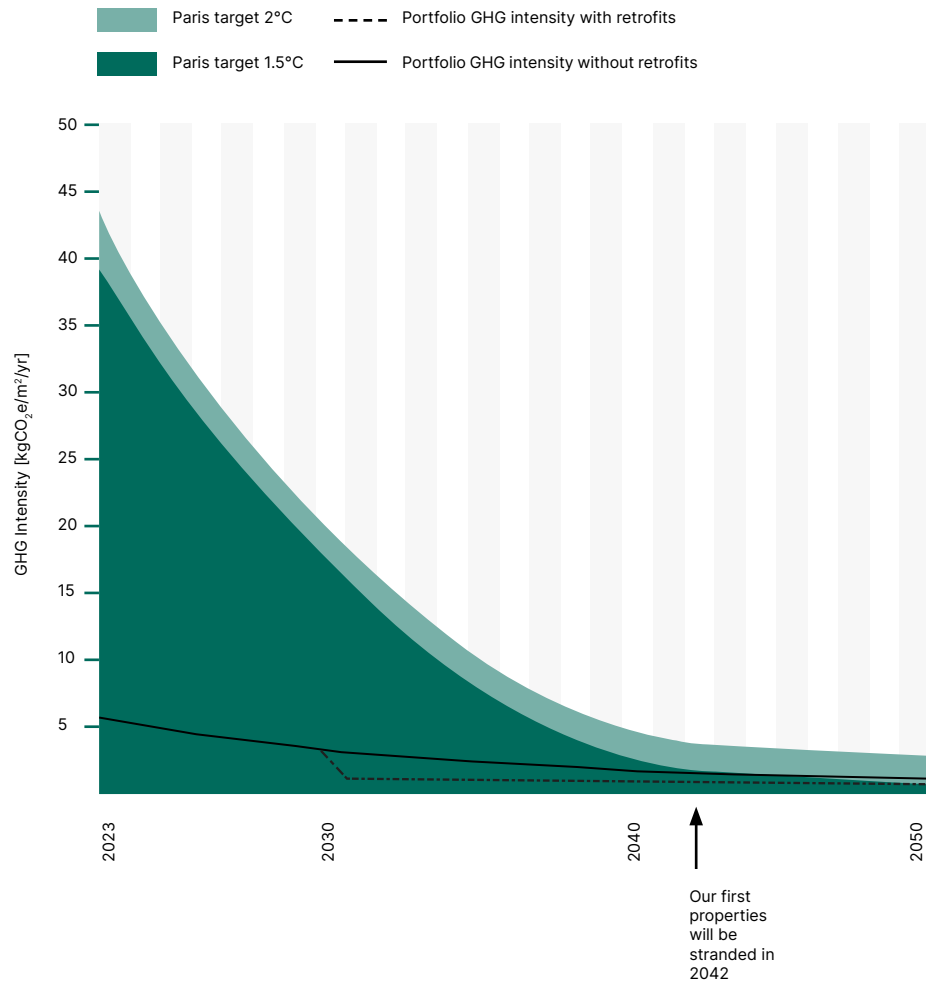


Figure 2: **STRANDING YEARS, LOCATION-BASED APPROACH, WITHOUT RETROFITS**

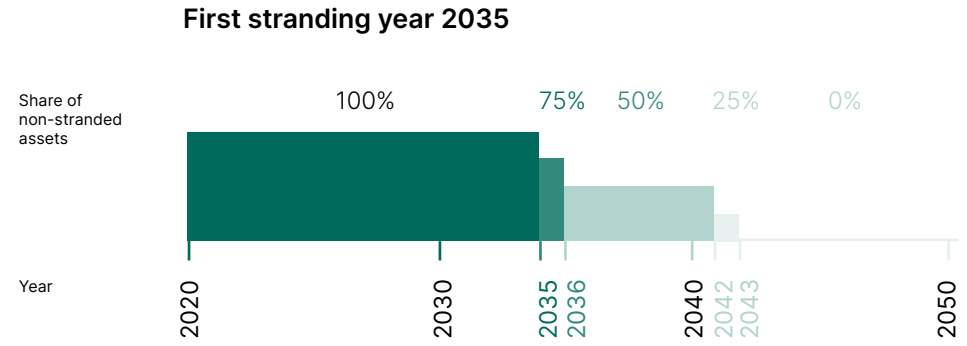
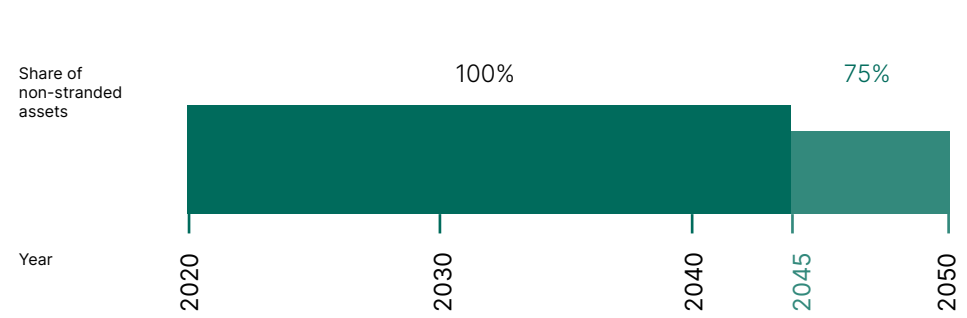


Figure 3: **SHARE OF COMPLIANT ASSETS, WITH RETROFITS**

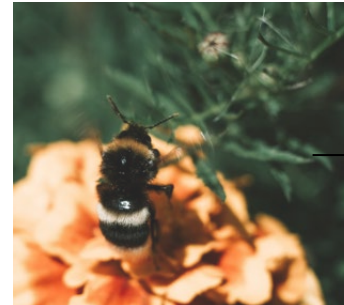


# SUSTAINABILITY IN FIGURES

## ENVIRONMENTAL CERTIFICATES AS ONE OF THE INDICATORS OF PROPERTY SUSTAINABILITY

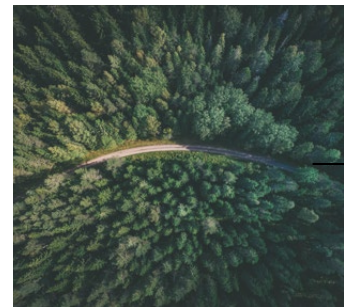
Environmental certificates measure the sustainability of a property and enable international comparisons between properties. We are developing the overall sustainability of our properties through certification, and strive for ratings above average industry standards (LEED Gold or BREEAM Very Good). Acquired properties are certified in accordance with our sustainability programme within a year of acquisition.

Today 100% of our properties are environmentally certified. Colony Pitäjänmäki developed significantly during 2023, and the site received BREEAM In-Use certification of Very Good in early 2024. The Colony Airport and Colony Leppävaara properties have received certifications for the construction phase, and Colony Tapiola has received BREEAM certification for the maintenance phase. In addition, Colony Leppävaara has been awarded the WWF Green Office certificate, which is proof of everyday work to help the environment.



**100%**

OF OUR PROPERTIES HAVE  
AT LEAST LEED GOLD  
OR BREEAM VERY GOOD  
CERTIFICATION



**50%**

OF OUR SITES ARE IN  
THE BEST ENERGY  
CLASS A



**51%**

OF OUR PROPERTIES  
ENERGY CONSUMPTION  
WAS PRODUCED WITH  
RENEWABLE ENERGY



## COLONY TAPIOLA

BREEAM In-Use:  
Commercial Version 6

Very Good level

**2024**

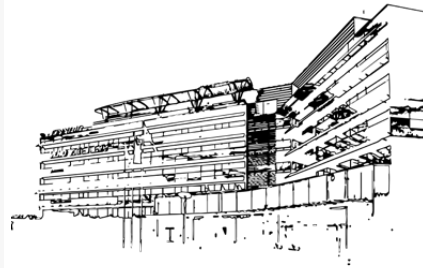
Year of issue

Energy class C2018

**136**

Energy figure  
(kWh/m<sup>2</sup>/year)

Taxonomy top 15% limit  
value 122 (kWh/m<sup>2</sup>/year)



## COLONY AIRPORT

LEED v3 Building Design  
and Construction  
certification

Platinum level

**2014**

Year of issue

Energy class A2018

**78**

Energy figure  
(kWh/m<sup>2</sup>/year)

Taxonomy top 15% limit  
value 122 (kWh/m<sup>2</sup>/year)



## COLONY LEPPÄVAARA

LEED v4 Building Design  
and Construction  
certification

Gold level

**2019**

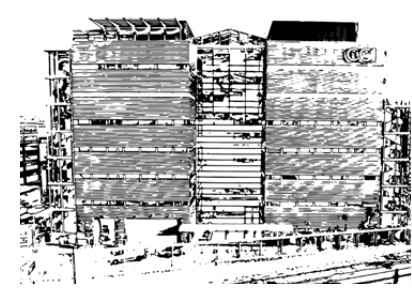
Year of issue

Energy class A2018

**60**

Energy figure  
(kWh/m<sup>2</sup>/year)

Taxonomy top 15% limit  
value 122 (kWh/m<sup>2</sup>/year)



## COLONY PITÄJÄNMÄKI

BREEAM In-Use:  
Commercial Version 6

Very Good level

**2024**

Year of issue

Energy class D2013

**200**

Energy figure  
(kWh/m<sup>2</sup>/year)

Taxonomy top 15% limit  
value 122 (kWh/m<sup>2</sup>/year)

## OUR ENERGY-EFFICIENT PREMISES UTILISE RENEWABLE ENERGY

We want to be involved in creating a sustainable future, so all our premises are energy-efficient and environmentally friendly. The energy consumption of our properties in 2023 totalled 13,107 MWh, of which half (51%) was produced with renewable energy.

All of our properties use heating generated from renewable sources, but so far, only one property has a green electricity contract. Heating was produced with geothermal heating systems in two properties and with solar panels on the roofs of all four properties. In addition to the ground source heat produced, we utilise renewable district heating in three properties and are exploring the possibility of increasing ground source heat production.

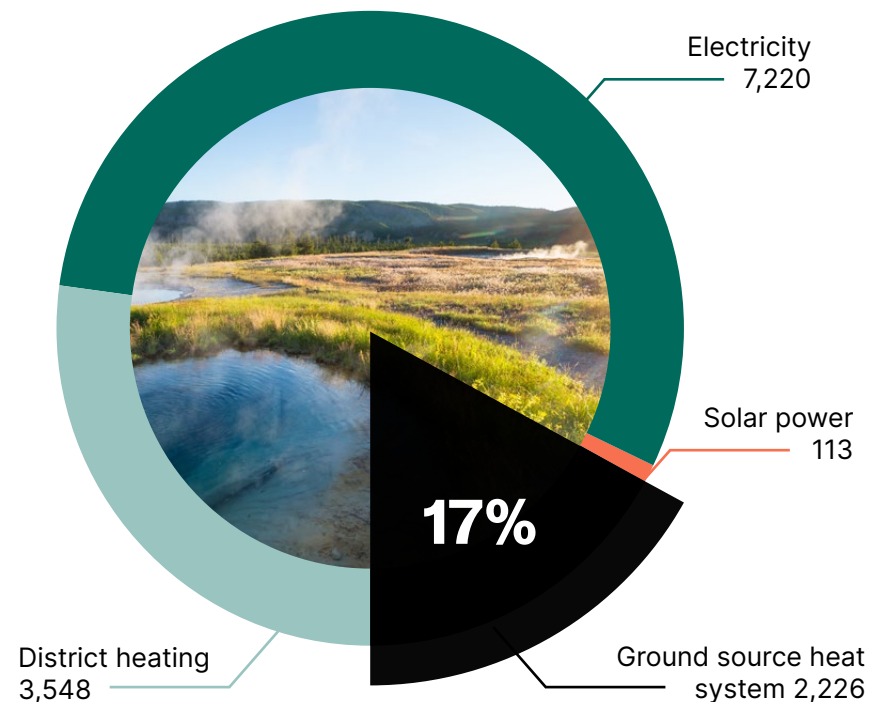
The energy performance class is the most unambiguous measure of energy efficiency, ranging from class A to G. Half of our properties belong to the best energy performance class A. In accordance with our sustainability goals, by 2025, the energy efficiency of all our properties must be at least in energy class C and the e number (THE kWh/m<sup>2</sup>/year) must be a maximum of 122 kWh/m<sup>2</sup>/year. In Pitäjänmäki, we have already carried out significant energy renovations and will apply for a new energy performance certificate.

As part of our commitment to energy efficiency, we systematically monitor our energy consumption and implement energy efficiency measures at all our sites. We have implemented the energy monitoring system Enerkey and the Fiksuvesi water monitoring system at all our sites. With the help of monitoring systems, we can follow our energy and water consumption in real time and identify potential savings opportunities and deviations. We can also set concrete sub-goals for the coming years and follow up on them.

In 2023, the water consumption of our properties was 12,547 m<sup>3</sup> and specific consumption was 24 l/m<sup>3</sup>, which is less than half the benchmark value set by Motiva for office buildings (55 l/m<sup>3</sup>). When purchasing new plumbing fixtures, preference is given to water-saving plumbing fixtures, which can cut water consumption in half. Saving water is important because it also saves energy.

Please note that energy consumption data is not comparable to last year's consumption since some of our properties were acquired during 2022, therefore, the data coverage is not complete. The progress on energy efficiency and consumption with more detail will be reported in next year's report.

### ENERGY CONSUMPTION (MWh)

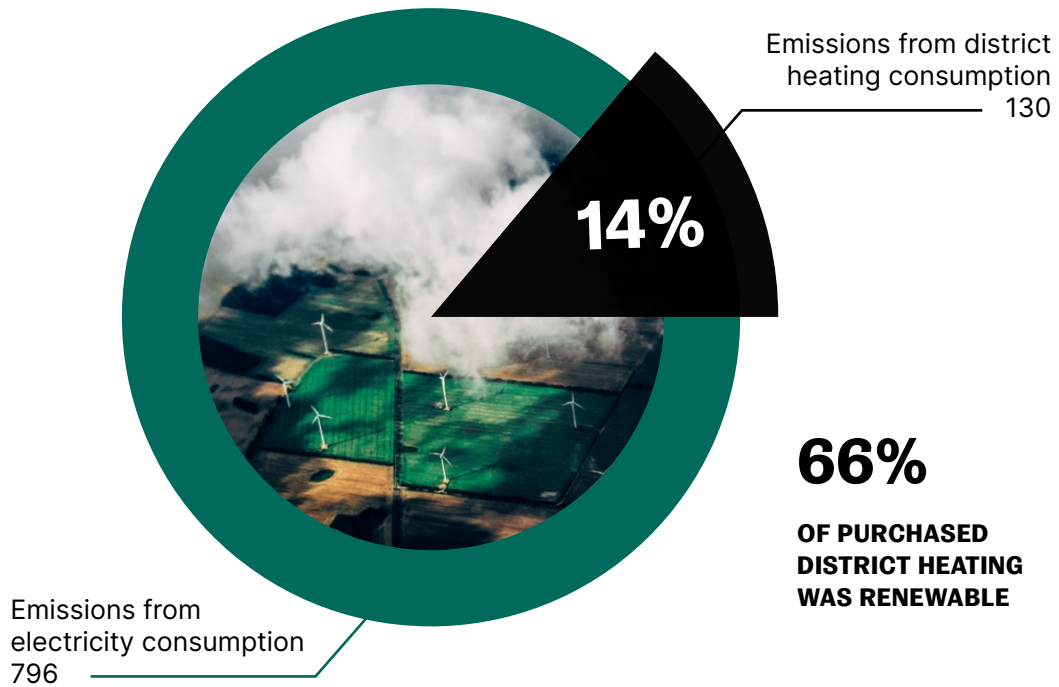


WE SYSTEMATICALLY MONITOR OUR ENERGY CONSUMPTION AND IMPLEMENT ENERGY EFFICIENCY MEASURES AT ALL OUR SITES.

## RENEWABLE SOURCES ACCOUNT FOR HALF OF USED ENERGY

Energy consumption emissions in 2023 totalled 926 tCO<sub>2</sub>. Specific emissions were 1.8 kgCO<sub>2</sub>/m<sup>3</sup>. Renewable energy accounted for 66% of purchased district heating and 27% of electricity. Ground source heating systems produced a total of 2,226 MWh of energy, and solar panels produced slightly over 113 MWh. In accordance with our sustainability strategy, we aim to achieve carbon neutrality in energy consumption by 2030 at the latest and strive to continuously increase local renewable energy production. We monitor emissions and the amount of renewable energy annually.

## EMISSIONS FROM ENERGY CONSUMPTION (CO<sub>2</sub> TONNES)



WE AIM TO ACHIEVE  
CARBON NEUTRALITY IN  
ENERGY CONSUMPTION  
BY 2030



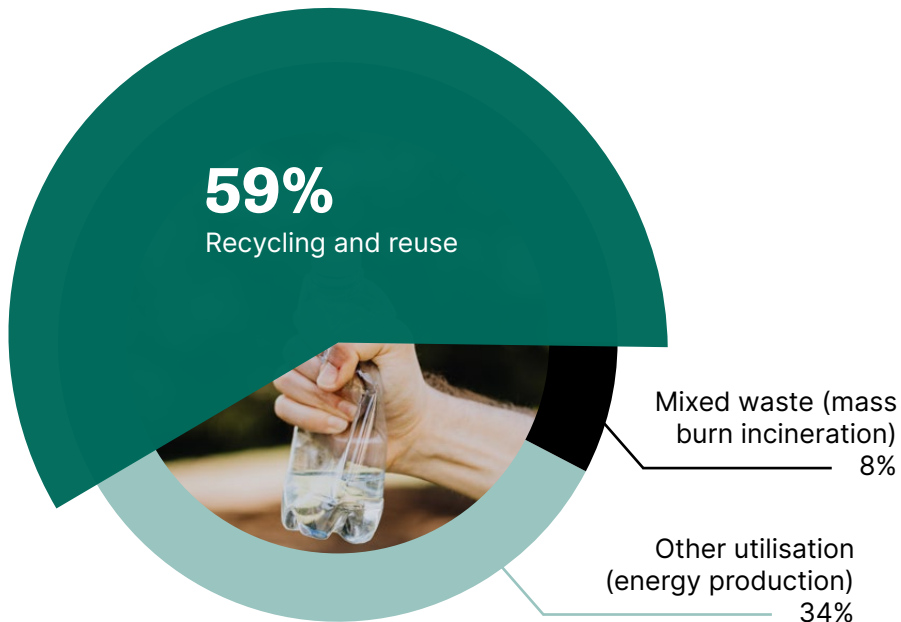
## CAREFUL SORTING OF WASTE TO REACH THE RECYCLING RATE TARGET

Careful sorting of waste saves natural resources and extends the lifecycle of materials by improving the possibilities of utilising waste.

During 2023, we improved the recycling capability of our properties by adding a number of waste containers and encouraging tenants in waste sorting. Despite our efforts, the recycling rate decreased to 59% (68%). However, we are very close to our goal of achieving a recycling rate of at least 60% by 2025. Only 8% of waste ended up in waste-to-energy plants for incineration and 34% for other recovery, such as the production of energy-based fuel. The good recycling rate is due to the low amount of mixed waste, as most of the waste has been recyclable.

A total of 142.4 tonnes of waste was generated, of which energy waste was the largest category (48 tonnes). The specific amount of waste was 1.2 kg/bm<sup>2</sup>. In addition to sorting, reducing the amount of waste is critical, which we aim to promote through tenant communication and green lease terms, for example.

### WASTE RECOVERY



A TOTAL OF 142.4 TONNES OF WASTE WAS GENERATED, OF WHICH ENERGY WASTE WAS THE LARGEST CATEGORY (48 TONNES).



**As we conclude another year, we have gained valuable insights into the positioning of our buildings concerning the EU Taxonomy-Aligning Benchmarks and the Paris Climate Agreement goals. Our initiatives planned for the coming years will aim to bridge any gaps that remain.**

With the development phase of our buildings nearing completion, our focus now shifts towards enhancing tenant well-being. We look forward to the implementation of various initiatives designed to not only attract individuals to our office spaces but also ensure their enjoyment and satisfaction during their stay.

In response to our tenants' expressed desire for greater engagement and transparency, we recognise the importance of fostering an active dialogue. Next year, we are committed to enhancing our presence and responsiveness, catering to their needs and preferences more effectively. Furthermore, we acknowledge the invaluable contribution of our on-site personnel and will integrate them further into the Colony team.

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## **TOWARDS MORE SUSTAINABLE OWNERSHIP**