

YLVA

Sustainability

2020



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About this report

You are reading Ylva’s new-look sustainability report. In this report, we discuss our performance in 2020 in managing our company’s climate-related risks and opportunities, promoting the financial targets and sustainable development goals of our business and looking after our employees.

This report presents our actions related to the UN Sustainable Development Goals. The content of this report is also influenced by the Global Reporting Initiative (GRI) framework. We present information on risks and opportunities related to climate change in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations. This report also includes a description of how the 10 principles of the UN Global Compact are realised in Ylva’s operations.

We also discuss our calculations and experiences related to the EU Taxonomy. Intended to support sustainable financing, the newly introduced taxonomy helps investors, companies, business sector operators and EU Member States

direct financing to low-carbon, sustainable and resource-efficient purposes.

In our sustainability report, we aim to observe the reporting principles by placing particular focus on sustainable development, balance and comprehensiveness. We discuss our successes and challenges openly and transparently to enable comparability between our company and the industry.

We have selected our material themes of sustainability by familiarising ourselves with the key frameworks of sustainability reporting and through dialogue with various stakeholders – including contractors, suppliers, the key advocacy organisations in our industry, influencers interested in a more sustainable future and our owners – to determine the areas in which we have the greatest impact and what are the most important sustainability issues associated with our operations.

The report covers the period 1 January 2020–31 December 2020.

The GRI, TCFD, UNGC and SDG indices are presented at the end of the report.

Ylva – a trailblazer

Ylva is the asset manager of the Student Union of the University of Helsinki (HYY) and with our income we are enabling an active student life. Our business activities are focused on real estate and financial investments as well as the restaurant industry.

Our society needs trailblazers that work with determination and a long-term view. The core of our operations is to create sustainable solutions that will live on to benefit future generations as well. We develop and manage all of our business areas in an ecologically, socially and economically sustainable manner.

Sustainability permeates everything we do from employee well-being and new approaches to construction and the raw materials used by our restaurants. To give one example of our ambitious example, we intend achieve carbon neutrality by the end of 2025 – much faster than our industries on average. We firmly believe that climate targets can be accomplished without financial compromises.

We see ourselves as corporate activists and pioneers who actively promote the development of corporate responsibility in Finland. Of course, we understand that the pursuit of

carbon neutrality is not a simple matter for a large listed company that might not be as agile as Ylva. Nevertheless, we believe there is plenty of room for improvement in social and industry-specific low-carbon strategies, and that the level of ambition can be increased in spite of the COVID-19 crisis and other market disruptions.

We want to encourage everyone – including Ylva’s employees and other parties – to continuously generate ideas and engage in development efforts to promote sustainability. We are pleased to participate in societal dialogue pertaining to our industries with regard to the development of legislation and taxation, for example. We have no hesitations about sharing ideas related to climate and sustainability issues – even when the ideas in question might be seen as competitive advantages in our favor – with others if we believe it promotes sustainable development in our industries. This sustainability report is also a good example of our approach.

The Helsinki of the future is being built here and now. Everyone is invited to join the effort.



Ylva’s vision

Ylva’s profits enable a happy and active student life for the members of Student Union of the University of Helsinki; by 2025 Ylva aims at profit level that will give the Student Union financial independency where no membership fees are needed

Ylva’s mission

Ylva engages in responsible business operations by building a lively and sustainable city and by producing services for the university community.

Our operating principles

Ylva engages in business operations that are renewal-oriented, profitable and beneficial to students.

Environmental well-being is not merely a by-product – Ylva actively aims its operations at improving the state of the environment.

Through its operations Ylva contributes to an equal, non-discriminatory, and inclusive society.

For Ylva, openness means active engagement with a wide range of stakeholders.

2025

Carbon neutrality achieved by

26,000

owners

Enabling an active student life since

1868

More than

150 million €

in investments in Helsinki during the period 2020–202

6 × winner of the Finnish organic food championship

Total market value of real estate

373,5 million €



AT YLVA, WE BUILD THE FUTURE BASED ON SUSTAINABLE VALUES AND IN ACCORDANCE WITH STRICT CORPORATE RESPONSIBILITY PRINCIPLES. WE RECOGNIZE THAT SUSTAINABLE BUSINESS CAN ALSO BE PROFITABLE.



The time for action is not tomorrow – it is now

The words that 2020 will be remembered for are COVID-19, lockdown and vaccines. It also brought us to a new decade, one that desperately needs significant climate action. If we are to hold on to the 1.5-degree-warming target specified in the Paris Agreement, it is our last chance to act. The time for action is not tomorrow – it is now.

Ylva has been building Helsinki for 150 years now. For our city to thrive for another 150 years, we need purposeful trailblazers who set their sights on the future. At Ylva, we are building the future based on sustainable values and in accordance with strict corporate responsibility principles. We recognize that sustainable business can also be profitable.

The COVID-19 pandemic had a significant impact on our operations

Like countless other companies, Ylva was hit hard by the unusual circumstances of 2020. The COVID-19 pandemic spread to Finland in March and our restaurant business was among the first to be directly challenged by the situation. When the University of Helsinki closed down its campuses, the operations of UniCafe restaurants had to be suspended. All of the employees of Ylva

Services Ltd were temporarily laid off in March until further notice. The current estimate is that the layoffs will be concluded at the end of August 2021. Unfortunately, we also had to terminate the employment of the 14 employees of our hostel, BOTH Helsinki, due to the conditions for offering work having diminished substantially and permanently. It goes without saying that the past year was difficult for our personnel.

To safeguard the incomes of our employees temporarily, we offered Ylva employees nearly interest-free personnel loans with long pay-back periods from spring until autumn. The challenging year also inspired innovation such as the UniCafe Foodvan. It delivered takeaway meals to students across the city and, based on the feedback we received, it was a bright spot during the spring for many of the students who had to study remotely.

Our operational real estate business was less affected by COVID-19 than the restaurant business. Ylva's construction projects – the Lyyra block of science and economy and the renewal of Kaivopiha – moved forward in spite of the pandemic. Nevertheless, the Lyyra project's schedule was affected by the exceptional circumstances. The grand opening of the restaurants and retail premises of the renewed Kaivopiha was celebrated in December while taking appropriate COVID-19 precautions, and during the year we also prepared for the construction of the Grand Hansa hotel at Kaivopiha.

We stuck to our sustainability targets during a difficult year

We were determined to stick to our sustainability targets in the midst of the COVID-19 pandemic. Early in the year, we stopped serving beef at our UniCafe restaurants. This move was met with consternation, but not among our customers, who had a positive response to the change. At the same time the demand for vegan food increased. In autumn 2020, vegetarian and vegan meals accounted for half of our sales.

The recycling of demolition waste from the Lyyra construction site went even better than expected, with more than 97 per cent of the waste being recovered. We made progress in our inclusivity project to promote non-discrimination at construction sites by drafting an appendix on

respecting human rights to be incorporated into our subcontracting agreements with partners. We hope our initiative will serve as a positive example to other operators in the construction industry. We also reached our targets for improving the energy efficiency of our properties. The emission reduction measures implemented by our restaurants and properties resulted in a combined permanent emission reduction of approximately 20 per cent, and emissions were also reduced by the mild winter and the lower utilization rates of the properties due to the COVID-19 pandemic.

While we are satisfied with our achievements, our ambitions go beyond short-term victories. The climate crisis cannot be solved by measures taken in a single year. It requires continued action from us. We recognize our role as a Finnish and socially significant operator. Climate responsibility and sustainable development are key components of our strategy.

Climate change management should be part of every company's strategy

We did not compromise on our long-term targets during the challenging year. On the contrary, we still aim to be carbon neutral by the end of 2025. We are moving towards this target on schedule and are already planning our next steps after achieving our goal. In the future, we want to contribute to the reversal of past negative impacts on the environment and find ways to repay our climate debt.



However, Ylva alone cannot win the climate battle, and we hope to be joined in this effort by many others. Unfortunately, many believe that they are already doing their part for the climate. This is simply not possible, as people are using up the Earth's annual resources faster every year – most recently, that day fell in March. The operators in our industry also tend to call on others to act while downplaying their responsibility – despite the fact that some 40 per cent of global CO₂ emissions are generated by the real estate sector and 15–20 per cent by food.

Companies also tend to talk about climate risks, but we believe doing so underestimates the situation: managing climate change should be at the core of every company's business. We recommend taking a look at our carbon budget, which annually documents our targets for reducing emissions. Change is more than possible – all that is needed is a strong conviction.

You are reading Ylva's renewed sustainability report. The report is based on the UN Sustainable Development Goals, the TCFD (Task Force on Climate-related Financial Disclosures) recommendations and, where applicable, the GRI standards. We are also committed to the UN Global Compact and its 10 principles.

With sights set firmly on the future,
Eemeli Lehto, Ylva's CFO and Interim CEO



**Ylva's new CEO Leea Tolvas:
“The future must look like the
people who create it”**

The Helsinki of the future has a new builder with Ylva having appointed Leea Tolvas as its new CEO. Tolvas took up her post in February 2021. This fourth-generation Helsinkian with an M.Sc. in Technology and an M.Sc. in Economics has had a long career in real estate investment. Most recently, she worked as Director, Real Estate Funds at Fennia Properties Ltd, a subsidiary of S-Bank. She will now take charge of Ylva's sustainability-driven business operations, which include significant construction projects.

“Ylva has renewed, challenged and questioned existing practices in the real estate and construction sector in particular. Ylva will continue on the same path of building the city and engaging in effective cooperation,” Tolvas says, explaining her vision.

Tolvas believes that every real estate project, student meal, and working day has a genuine impact when it comes to building sustainable working life, Helsinki's cityscape, and society in a broader sense. She finds meaning in serving a broader ownership base through Ylva's business operations.

“I'm motivated by values-driven decision-making with a long-term view. Who owns Helsinki – and how and why – are questions that matter. The future must look like the people who create it. I feel simultaneously humbled and proud to take charge of Ylva's highly capable team.”

THE YEAR

2020

> 50 %

The share of vegetarian and vegan meals sold by UniCafe in autumn 2020. [Read more.](#)

Decent working conditions for everyone

In 2021, we drafted an appendix to be added to our subcontracting agreements to engage the commitment of all of our partners to treating their employees with dignity and paying fair wages, for example. [Read more here.](#)

A farewell to beef

We decided to discontinue the use of beef at our UniCafe restaurants. [Read](#) why and how we strive to gradually increase the popularity of plant-based eating.

Ylva was hit hard by the COVID-19 pandemic

Ylva was not spared from the COVID-19 pandemic that hit Finland in March 2020. The pandemic had a significant impact particularly on the restaurant business and our personnel. We discuss the pandemic on pages 16 and 21.

> 97 %

of the demolition waste at the Lyyra construction site was recovered. Of the total amount, 22,000 tonnes were used for earth construction. This corresponds to 110,000 concrete road blocks or concrete turtles of the kind used around Helsinki as traffic barriers. If these were laid out in line, double file, they would stretch from Kaivopiha to Itäkeskus and back. [Read more.](#)



Climate facts

In our report, we apply the reporting model recommended by the TCFD (Task Force on Climate-related Financial Disclosures) for the first time. Read our comprehensive climate report [here](#).

Challenging the imagination by creating scenarios about the future

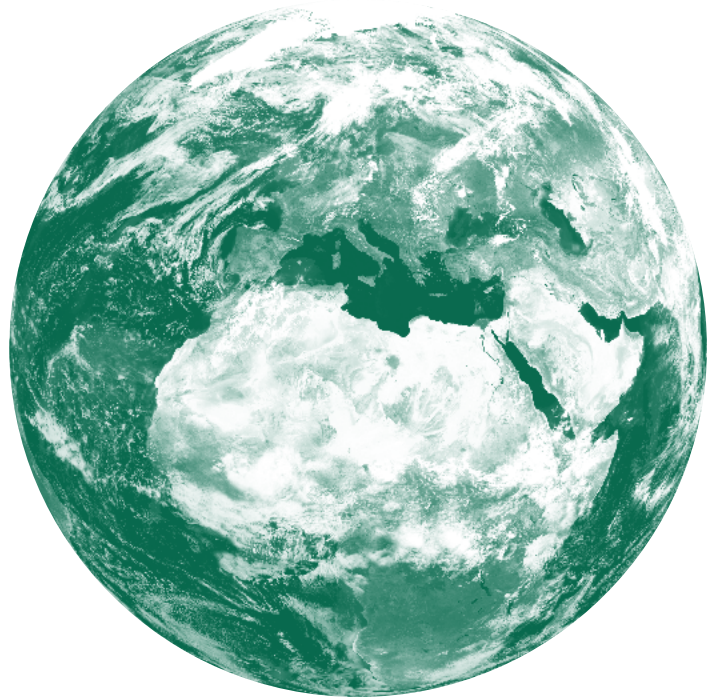
What does a post-pandemic world look like? What about a social order in which business activities are adapted to the climate and our natural environment? It is something different, something that does not yet have a form or a name. We joined Demos Helsinki to establish the Untitled community, which works to co-create this as-of-yet untitled future.

WE REDUCED OUR CARBON EMISSIONS DURING THE YEAR BY

20 %

– WE ARE MAKING STEADY PROGRESS TOWARDS CARBON NEUTRALITY.

[Read more](#)



Aiming to build the world's most sustainable buildings

7 AFFORDABLE AND CLEAN ENERGY
We continuously work to improve the energy efficiency of our properties as well as the smart and proactive control of properties. We increase the use of renewable energy through energy purchase and investments.

8 DECENT WORK AND ECONOMIC GROWTH
We promote workplace inclusivity in our business and construction sites. We look for solutions that improve innovation and adopting new technologies.

11 SUSTAINABLE CITIES AND COMMUNITIES
Our goal is to be an urban developer who looks ahead and creates a more sustainable city through the construction of sustainable buildings. We provide services and premises that support making sustainable choices. We also improve safety and create a city where everyone can be themselves.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
We select low-carbon materials and maximise the reuse rate of demolition waste. We promote the realisation of the circular economy approach in our business.

13 CLIMATE ACTION
The operative carbon emissions of our premises will be reduced to zero by 2025. We challenge the industry to develop towards low-carbon business models. We lead by example and show that change is possible.



The real estate and & construction industry generates approximately 40 per cent of global carbon dioxide emissions. The rapid progress of climate change requires urgent action by all sectors of society. The solutions for achieving zero carbon already exist, but the construction industry has thus far not been successful in making sustainable development goals the focal point of operations. Ylva is a corporate activist who sets an example and shows that change is possible, and encourages other to get involved in achieving change.

Ylva's target is to be carbon neutral by the end of 2025. Sustainability is at the core of our operations. Our goals are ambitious, but our carbon budget already lays out our path to zero carbon. We want to build sustainable properties, and plan and design each stage of construction with a focus on the principles of sustainable development; on top of this, we will also radically improve the sustainability of our existing properties.

The level of our ambition is also reflected by the initiatives we have made a commitment to. We were among the first to promote a sustainable operating culture in the construction sector by signing the [Green Deal](#) between the Ministry of the Environment and RAKLI. The targets outlined in the Green Deal include increasing the material recovery rate of non-hazardous construction and demolition waste to 70 per cent. Ylva's corresponding target is much higher at 90 per cent. Another example

of our commitments is the Net Zero Carbon initiative for real estate, which is aimed at ensuring carbon neutral buildings and properties by 2030 at the latest. Ylva's goal is to achieve this target sooner than that.

Progress made in sustainable construction projects

The COVID-19 pandemic that began in 2020 presented difficulties to the real estate industry; for example, while Ylva's construction projects moved forward, the schedules had to be

THE RENEWED KAIVOPIHA
WAS OPENED IN DECEMBER
WITH THE PREMISES FULLY LET.

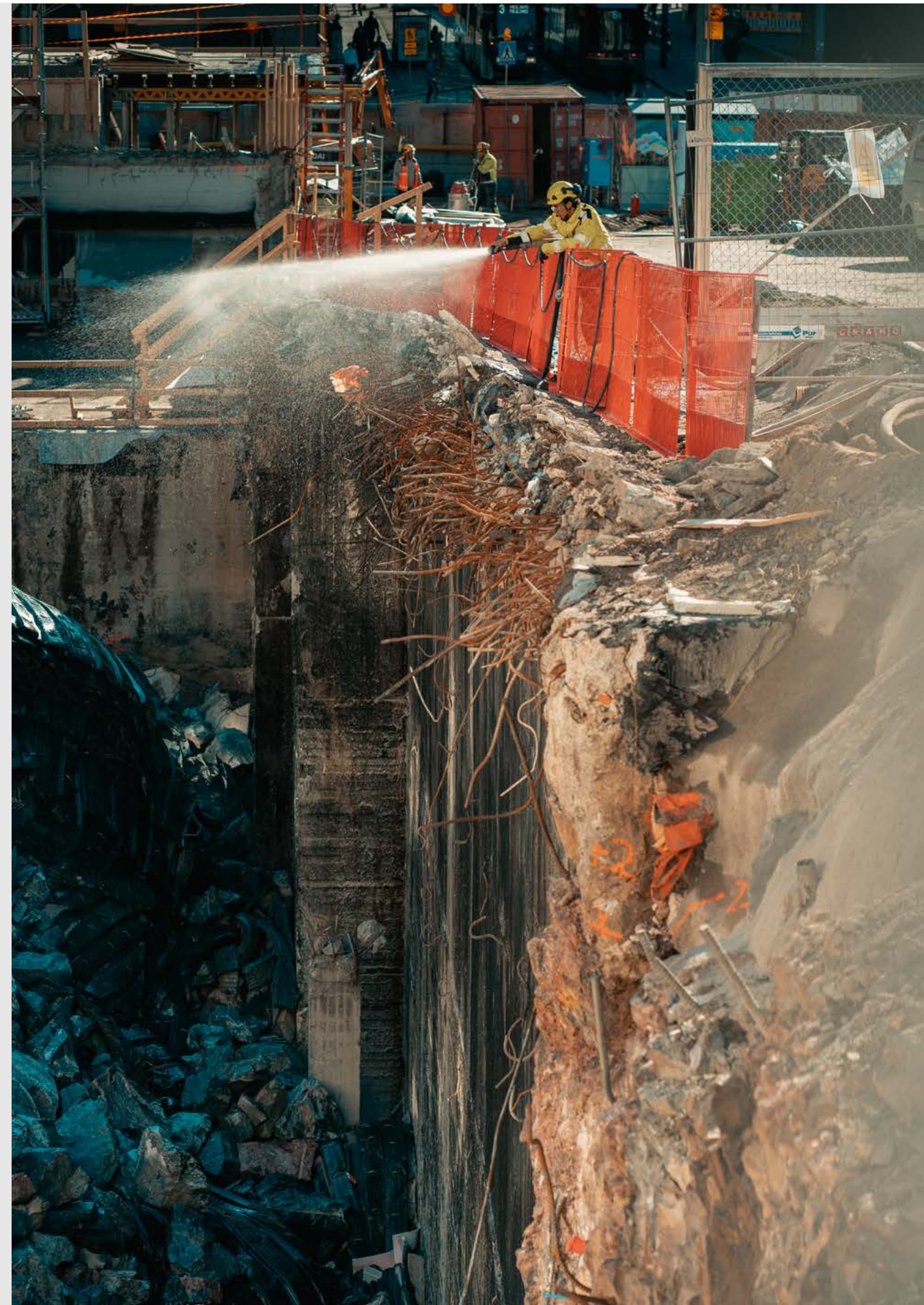


Case: More than 97 per cent of demolition waste at the Lyyra site was recovered

Ylva believes that the circular economy must be taken much better into account in construction projects, and each stage of construction must be planned in adherence to the principles of sustainable development. In order for us to improve our carbon handprint, a high material recovery rate must be taken as the starting point for demolition operations.

Lyyra, which aims to be the most sustainable building in Finland, decided to take on this challenge. The old government office buildings at the Lyyra site were demolished in spring 2020, and our target was to recover 95 per cent of the demolished material. The final figure exceeded 97 per cent. The demolition waste became valuable material for other construction sites: most of it will be used for earth construction at the Hyvinkää shooting range. The waste also generated 11,000 cubic meters of rock material that replaces natural rock and provides foundation structures for four kilometers of road. On top of this, broken rock from the Lyyra site was used for earth construction in Kalasatama and Keilaniemi.

“The recycling of demolition waste turned out to be surprisingly easy. We recommend it to other operators in the industry,” says Antti Ruuska, Chief Sustainability Officer at Ylva. “Visible spearhead projects are necessary for making essential sustainability targets and new processes into prevailing operating methods. Inspiration and examples are important to buyers and sellers alike.”



adjusted due to the exceptional circumstances. Construction on the Lyyra block of science and economy continued during the year. The project combines office premises, a hotel, apartments and services into one block in Helsinki's Kallio district and will be completed within the next few years. Lyyra is built in an environmentally efficient manner with the aim of achieving the highest energy rating, and the goal is to achieve the lowest possible carbon footprint within the boundaries of the project as well as the highest possible positive impact on the surrounding world.

In late 2019, we announced a new project: the Grand Hansa hotel, which will be opened in Kaivopihä.

Our project partner is the Hyatt chain, which is committed to sustainable development. Preparations for the construction of the hotel are already under way. Special attention will be paid to sustainable choices starting from the construction stage – including the activities of subcontractors and the hotel operator. As in the case of Lyyra, the carbon footprint of Grand Hansa has been calculated and the goal is to use as low-carbon solutions as possible during construction. The renewed Kaivopihä, which serves as a meeting place for the people of Helsinki and includes retail premises and restaurants, was opened in December with the premises fully let.

Although the impacts of the COVID-19 pandemic on our real estate business were not as dramatic as in the case of our restaurant business, the pandemic has increased uncertainty throughout the industry and decisions on renting business premises have been postponed. We believe that there will be plenty of rental demand for our centrally located properties in the future.

Ylva achieved substantial reductions in emissions

In 2020, Ylva carried out a set of energy efficiency actions aimed at achieving significant reductions in emissions. Examples of these measures include improving the energy efficiency and heat recovery of Ylva’s properties, smart heating control, reducing the consumption of hot water, and facade renovations.

The carbon footprint of Ylva’s properties decreased by as much as 30 per cent during the year in comparison to 2019. Ylva’s energy efficiency project achieved an emission reduction of approximately 10 per cent, while the renewal of Kaivopiha, the facade renovation of the apartments located in Kamppi, and upgrades to plumbing fixtures achieved an emission reduction of another 10 per cent. The remaining reductions emissions can be attributed to the exceptional circumstances during the year: mild weather, ongoing renovations, and the COVID-19 crisis.

We recognize that climate change may have significant impacts on the energy consumption of our properties in the future: milder winters will reduce heating costs and the need for cooling in the summer may increase. Extreme weather phenomena, such as heavy rain, flooding, snowstorms and heatwaves will also increase. Most of Ylva’s properties are located within 10 kilometers of the sea, which means that the buildings – such as their exterior structures – are generally subject to a higher-than-average climate burden.

More information on Ylva’s preparations for different climate scenarios is provided in our TCFD report.

Our achievements in 2020

We were actively involved in the development of our industry in 2020. For example, we calculated the carbon footprint of the Lyyra and Grand Hansa projects as part of the Ministry of the Environment’s carbon footprint calculation pilot. We also carried out the Lyyra demolition project in accordance with the principles of the Green Deal and were active participants in a series of clinics on low-carbon construction. We drafted a preliminary roadmap for our carbon neutrality targets and communicated all of these issues openly in various stakeholder events and publications. We were also involved in the Ecodesign Sprint project to explore

circular economy operating models through service design methods and made a decision-in-principle on taking the carbon footprint into account in our waste management.

In 2020, we made preparations for our upcoming actions, including the deployment of district cooling and the use of waste heat at our properties. We also engaged in numerous discussions with partners on promoting

THE CARBON FOOTPRINT OF OUR PREMISES DROPPED BY 35 PERCENT COMPARED TO 2019.

The emissions of our properties: our results in 2020*

Emission category	Results in 2020	Results in 2019
Direct greenhouse gas emissions (Scope 1)	0 t	0 t
Indirect greenhouse gas emissions from energy purchases (Scope 2)	1 530 t	2 400 t
Other indirect greenhouse gas emissions (Scope 3)	0 t*	0 t*
Greenhouse gas emission intensity	17,5 kg/m² gross floor area	26,6 kg/m² gross floor area
Reduction of greenhouse gas emissions	-35 %	-
Compensation of greenhouse gas emissions	134 t	98 t

*No fossil fuels, such as heating oil, were used at Ylva’s properties that would have given rise to direct Scope 1 emissions. Scope 2 emissions are emissions arising from consumed energy and generated off-site – in practice, at the power plants producing the energy. Ylva purchased its heating energy from Helen. All electrical energy was purchased as 100 % renewable domestic wind power with the help of certificates of origin. Consequently, Ylva’s electricity consumption is free of emissions. Indirect Scope 3 emissions include, for example, energy network losses and the emission impacts associated with the construction of power plants and transmission lines. Network losses are included in Helen’s emission factors for heating energy, i.e. the Scope 2 figures. Ylva acquires green electricity certificates of origin at an amount that is 5% higher than the consumption figure to cover emissions arising from transmission and distribution network losses. Nevertheless, some of the life-cycle emissions of energy are still missing from the Scope 3 emissions. The magnitude of these emissions will be specified during 2021.

low-carbon approaches in our projects and our property portfolio. The topics of these discussions included, for example, material choices, the recovery of demolition materials as well as energy production and purchasing.

Engaging partners in efforts to promote equality

A sustainable and inclusive Helsinki of the future must be built through broad engagement, by sharing the sense of pride for the efforts and actively intervening in any problems. People's safety and health are always the first priority at Ylva's construction sites.

We also want to increase inclusivity and non-discrimination in the construction sector. New guidelines that we incorporate into our subcontracting agreements require all of the companies participating in our projects to respect human rights. Piloted at the Lyyra construction site, the guidelines call on partners to ensure a healthy and safe work environment for employees, including fair pay and dignified treatment in terms of their working conditions and accommodation. The guidelines are also aimed at combating the grey economy in the construction sector.

Equality will also be enhanced by the implementation of a whistleblowing channel in 2021. It will allow any employee or construction site visitor to send direct questions or feedback to



Case: Innovation makes the impossible possible

The energy efficiency of buildings has improved significantly over the years. Our new buildings are required to be nearly zero-energy buildings. The fulfilment of this requirement is demonstrated by the E figure, which is calculated in the building permit stage, and buildings with the best E ratings are in energy class A. Buildings in energy class B mostly satisfy the minimum requirements for a zero-energy building.

In practice, achieving a class A rating means that the building must take advantage of renewable energy and other special solutions. The E figures required of different building types vary. For example, it is much more difficult for a hotel building to achieve a class A rating than for a residential building.

In the Lyyra project, our goal is to achieve a class A energy rating for all of the buildings in the block. In the permit stage, some members of the project team considered this to be a highly challenging – if not impossible – goal. There was not enough courage to make a commitment to achieving a class A energy rating. Consequently, the building permit for the hotel was applied for a

class B energy rating. Nevertheless, we did not abandon our original target or get discouraged by the first setback. Instead, we actively challenged the entire project team to come up with innovative solutions that would allow us to achieve a class A energy rating.

The first promising results were related to technical aspects. We found solutions in the market that could theoretically allow us to achieve our goal. Unfortunately, those solutions turned out to have prohibitively high costs. In spite of this, we came up with new ways to achieve our goals in our continued development and innovation efforts. For instance, we decided to implement heat capturing for waste water in the project and organized ventilation control in a simple but ingenious manner.

These measures meant that the hotel's energy rating was elevated to class A – and we were able to do this cost-efficiently! We made the impossible possible without compromising on profitability. The credit for this belongs to our project team, who accepted the challenge and took it seriously.

Ylva regarding potential misconduct. Next, we will determine how to communicate on equality and non-discrimination issues directly with construction site employees as effectively as possible.

Our inclusivity efforts have been developed in a steering group that includes representatives from the Finnish Construction Trade Union, the Ministry of Economic Affairs and Employment, the Central Organization of Finnish Trade Unions, the City of Helsinki, the University of Helsinki and the Confederation of Finnish Construction Industries. The work of the steering group has been facilitated by Demos Helsinki.

Inclusivity at construction sites is part of Ylva's B4IG efforts . The subcontracting agreement appendix is available in full here.

Big dreams

Zero carbon emissions by the end of 2025 is an ambitious goal, but we are making steady progress. So, what will happen once we achieve it? A lot! Even when we have achieved this goal, we will not tread water. The development of technology, competence and legislation means that there will always be areas to improve in and better operating methods to adopt. As an agile operator that represents innovative thinking, Ylva has the ability to take risks, experiment, and question established ideas.

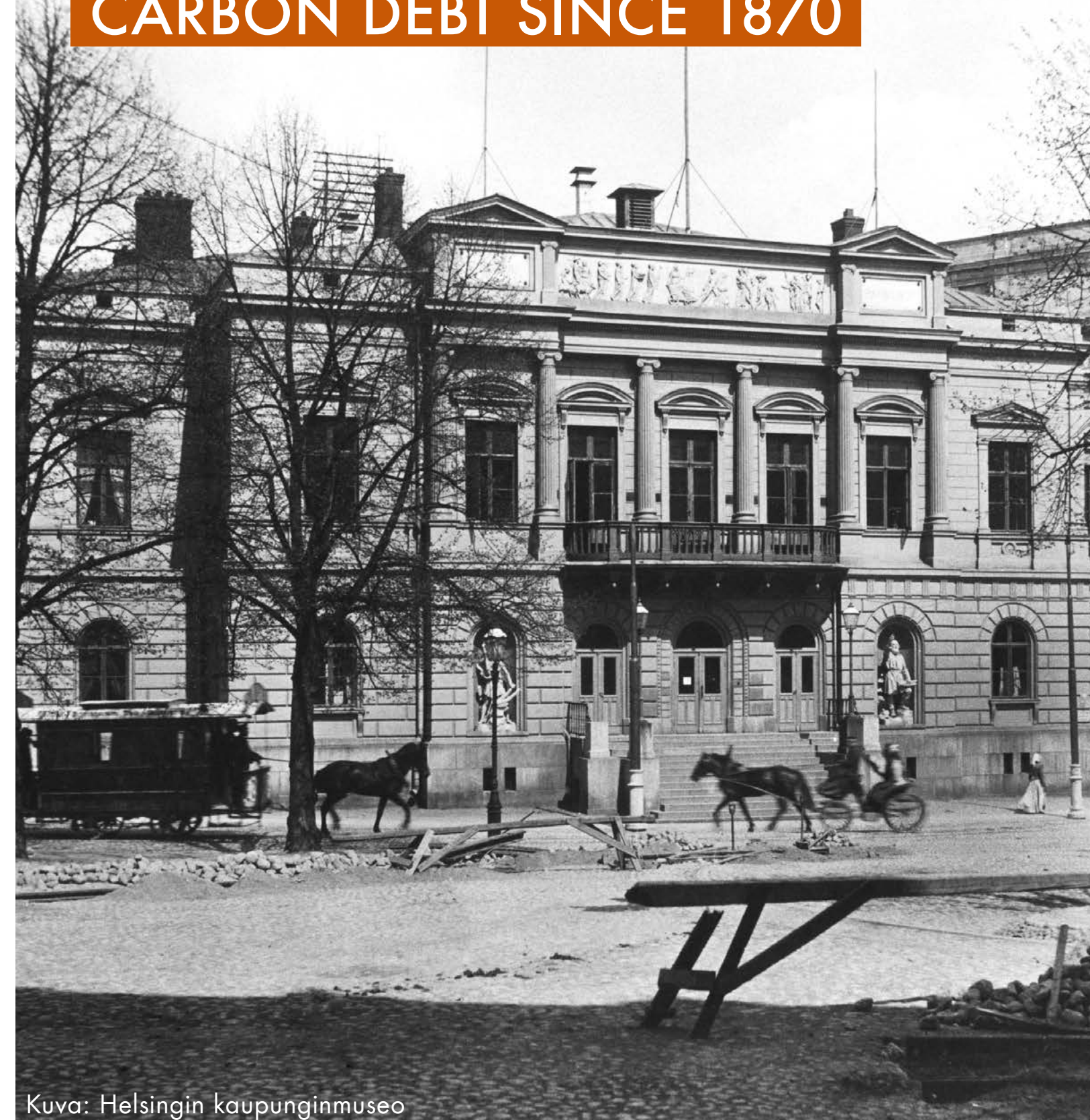
Instead of continuously increasing the Earth's carbon load, we will explore avenues for moving in the opposite direction. Renewal-oriented construction and ownership aimed at rectifying past mistakes is one of our future directions. Examples of practical future solutions include CO₂ capture and recovery, increasing urban biodiversity, and using low-carbon construction materials. Similarly, the restoration of mires and acting to increase forests and nature conservation areas are interesting potential paths for the future.

The development of zero-emission wind power and heating production, as well as co-creating innovations with our tenants are also ideas worth exploring. We are only taking our first steps in these areas. While we do not have a complete map to chart our path yet, we are ready to take on the challenge.

OUR ENERGY EFFICIENCY
PROJECT ACHIEVED AN
EMISSION REDUCTION OF
APPROXIMATELY 10 PER CENT.



YLVA HAS ACCUMULATED ITS CARBON DEBT SINCE 1870



It is time for the real estate industry to take responsibility for its carbon debt

The concept of carbon debt can be explained by a simplified example. Let's say you use your credit card to pay for your purchases at the supermarket, and instead of amortizing or repaying the debt each month, you simply take on more debt? In practice, this is what has happened in the real estate industry.

Construction generates CO₂ emissions and creates a significant carbon load in the atmosphere. The energy required during the use of buildings subsequently generates further emissions. Humanity is spending in excess of its resources when it comes to the climate: we are pushing the limits of the Earth's carrying capacity. For the targets of the Paris Agreement to be achieved, we need to significantly reduce emissions. At the same time, we must prepare to repay our debt in the near future.

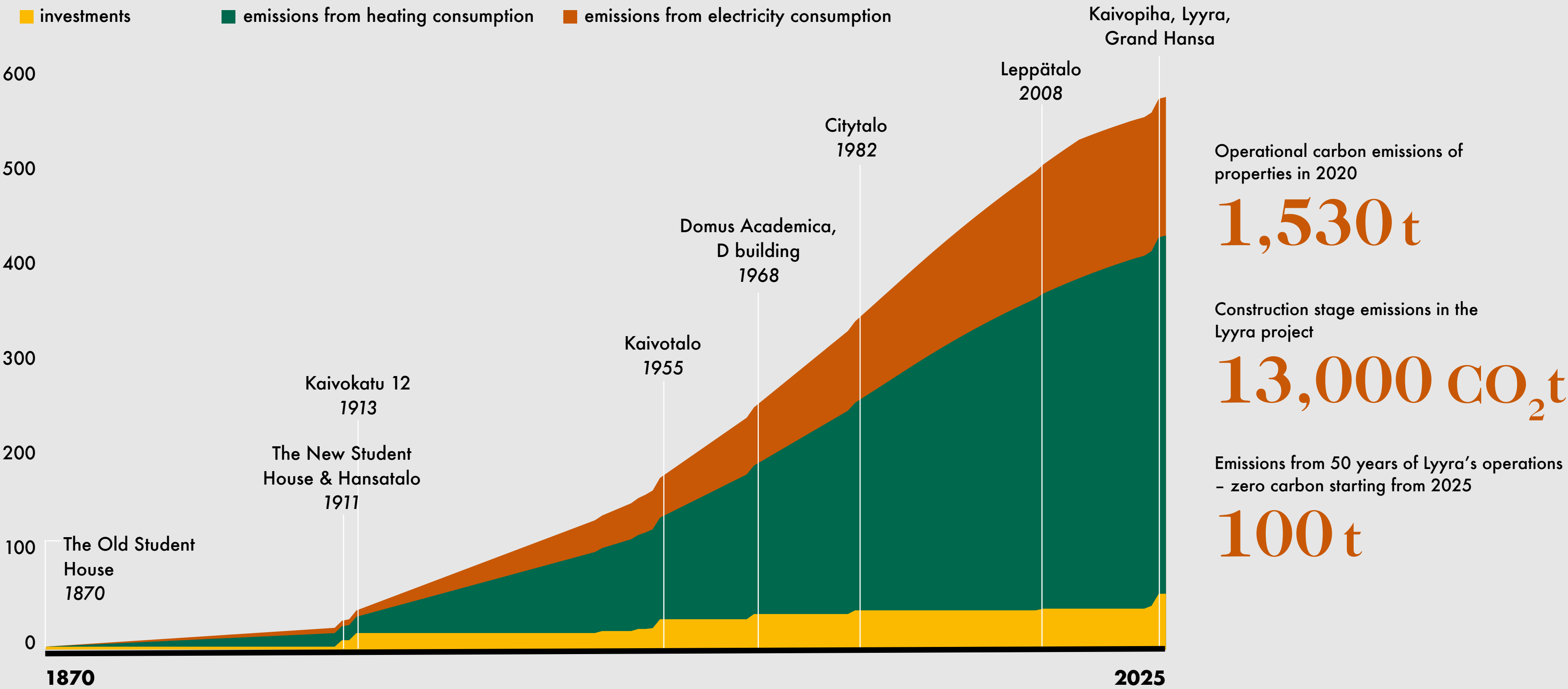
Several significant property owners are transitioning to carbon neutrality with regard to the energy use of buildings. This is a step in the right direction, one that means that the accumulation of climate debt from the operations at many properties will be slowed down or even halted in the near future. For Ylva, this means that we will go from annual emissions of 2,400 tCO₂e to zero by the end of 2025.

At the same time, it is important to note that the carbon emissions of the investment phase are not considered in the balance sheets or financial equations of real estate industry operators, despite the

fact that – contrary to what people used to think – the emissions generated by construction and the production of materials represent a significant proportion of the life-cycle carbon emissions of today's construction projects. The construction stage emissions of Ylva's Lyyra block amount to approximately 13,000 tCO₂e and the emissions during use will be about 100 tCO₂e, taking into account our commitment to zero-carbon operations by the end of 2025. This means that the percentage of the total life-cycle carbon emissions represented by the use stage is practically zero. The same applies to other property owners who have made zero carbon commitments.

Reducing or stopping future debt-taking by cutting operational emissions will not solve the problem of climate change. The question is, is it possible for real estate sector operators to be held responsible in the future for the unpaid carbon debt of the property stock? This idea is actually quite justified, since carbon dioxide heats up the atmosphere for hundreds of years and the entire property stock has been built by taking on carbon debt. Most of the debt remains unpaid. At Ylva, this debt has been accumulated since the Old Student House was completed in 1870. For us, the debt taking will stop by the end of 2025. By then, the total climate debt of our properties will increase to 500,000–600,000 tCO₂e. What is the carbon debt of other property owners – or companies in other industries?

The carbon debt of Ylva's properties 1870–2025:
CO₂, thousand tonnes



Ylva’s restaurant business makes the world better one bite at a time



We purchase certified products in order to ensure farmers are fairly compensated for their work, no matter how long the subcontractor chain gets.



We encourage customers to make smart choices and make the move toward a plant based diet. We favor low-carbon and ethical products, and thus increase consumer demand for sustainable options.



We choose low emission ingredients, enable compensation of carbon emissions, and minimize food waste.



For us, food is much more than sustenance: it is a way to change the world. UniCafe is a restaurant and café chain that is fully owned by the Student Union of the University of Helsinki (HYY) and has 17 operating locations across the city. Our goal is to make sustainable choices as easy as possible. This is how we change the world – one bite at a time.

Schools, education institutions and workplace lunch restaurants play an important role in shaping people's attitudes. With this in mind, the principles that a student restaurant applies to its operations are far from insignificant. We at Ylva do everything we can to promote the sustainability of restaurant operations. Instead of merely looking to minimize the negative impacts of our operations, we aim to actively produce good things in society by cooking food that has a positive impact. The overarching sustainability goal of our operations is to achieve carbon neutrality by the end of 2025.

One of the most important avenues by which carbon emissions can be reduced and the loss of biodiversity prevented is transitioning to plant-based diets. Ylva does not, however, wish to force vegetarianism on its customers. Instead, we can encourage people to make good choices: the key is to offer options that allow customers to make the change when they are ready for it. We will continue on this path



HAVING STUDENTS EAT
LOW-CARBON LUNCHES IS
A SMALL VICTORY IN ITSELF.
ACHIEVING PERMANENT
CHANGES IN EATING HABITS
IS A LARGER VICTORY.

Case: UniCafe Foodvan sold takeaway meals across Helsinki

While the past year was overshadowed by the pandemic, we did come up with a successful innovation. When UniCafe restaurants had to close down in March, we at Ylva decided to delight our customers by launching the Foodvan concept to deliver student-priced takeaway lunches along a fixed route across the city. All of our restaurants sold takeaway meals at the same time as well.

We sold thousands of takeaway meals and received lots of positive feedback on the concept from both Ylva employees and students. “A bright spot in a bleak spring” is how one of our customers described it. UniCafe Foodvan drove around the streets of Helsinki until the summer.



The image shows a white UniCafe Foodvan truck parked on a city street. Several people are standing around the truck, some holding food containers. In the foreground, a black A-frame sign with a green background displays the UniCafe logo and a menu. The sign lists prices for students and post-grads, and includes a note about a delivery fee. The background shows a typical urban street scene with buildings and other pedestrians.

in 2021 with the aim of familiarizing all of our customers with plant-based eating. Having students eat low-carbon lunches is a small victory in itself. Achieving permanent change in eating habits is a larger victory.

Clear values amidst the COVID-19 pandemic

We were put to a serious test in 2020 when in March the COVID-19 pandemic forced us to close most of our restaurants. As we are dependent on the University of Helsinki’s policies concerning its premises and opening hours, the partial closure of the university and the switch to remote work and teaching made restaurant operations impossible at many of our locations. Consequently, we had to implement extensive temporary layoffs during the year. The situation was difficult until the end of the year and will remain challenging at least until summer 2021. More information on how we supported Ylva’s employees during the COVID-19 pandemic is provided in the section on personnel.

In spite of the sharp decline in our business, our customer satisfaction increased by five points during the year. Our average daily satisfaction score was 70/100, which compares favorably to the European Happy Index benchmark of 44/100 for the catering industry. In addition to this, our student lunches represent

the most affordable price category. We are very proud of this achievement and our personnel, who deserve the credit for it.

We made continued progress towards providing carbon-neutral student meal services that are the best and most sustainable in Finland. Early in the year, we discontinued the use of beef at our restaurants. This was a straightforward decision for us as beef was the largest individual source of CO₂ emissions among the ingredients used by our restaurants and eating beef is also difficult to justify by health reasons amongst other things. According to our most recent customer satisfaction survey, only about 10 per cent of our customers primarily choose red meat as their lunch option.

Our decision to stop serving beef created a storm in a teacup. We were accused of being part of “the vegetarian mafia” and criticized for limiting our customers’ freedom of choice. We found this strange, as restaurant operators always make choices on their customers’ behalf.

While the broader public response was mixed, the change was received favorably by our customers: they told us that they expect pioneering moves by an operator such as Ylva. Accepting this role, we sought to further increase the popularity of plant-based eating during the year. We reduced the prices of our vegan lunches and introduced vegan comfort food as a new meal category.

These efforts produced good results: the sales of vegetarian and vegan meals grew to represent 48 per cent of the total for the year as a whole and 50 per cent of the total in the autumn. This meant that we achieved our target of having one in every two meals sold be vegetarian or vegan by the end of 2020.

Sustainable ingredients and fighting food waste

We place a lot of importance on the distance that our ingredients travel and what we can do to reduce the daily amount of food waste. We believe that the emission figures for all food ingredients should be available to everyone in Finland, and comparison figures for domestic and European ingredients would be important to have. This way, the discussion would be based on a mutual understanding.

We test and choose the most sustainable food ingredients for our customers. This means, for example, that we strive to maximize our purchasing of Finnish and locally produced ingredients and we prioritize organic and fair trade certified products. In the future, we will seek to identify the most low-carbon options within each category of ingredients. More information on UniCafe’s sustainable ingredients is provided [here](#).

We want to prepare our meals as energy-efficiently as possible and to minimize waste.

We have set restaurant-specific targets for the amount of biowaste generated, and we monitor the achievement of these targets at the monthly level. We measure our food waste with biowaste scales and communicate this information to our customers weekly. Under normal circumstances, nearly all UniCafe restaurants also offer the opportunity to buy leftover lunches, which further reduces our food waste.

Our food-related sustainability indicators and results

The most significant climate impact of our restaurant business is associated with the greenhouse gas emissions of the ingredients we use. The precise amount of emissions will be specified further as the emission calculation of food ingredients develops. The emissions amounted to approximately xyc tonnes in 2019. Comparing the emission figures between 2019 and 2020 is not meaningful due to the drastic change in business volume in 2020.

The reduction of emissions is assessed in terms of the change in the GHG intensity of food. We achieved an emission reduction of approximately 20 per cent in our meal-specific carbon intensity. Most of this – approximately 15 per cent – resulted from the decision to discontinue the use of beef. The other 5 per cent was attributable to the higher sales of vegetarian and vegan meals.

Most of the greenhouse gas emissions of Ylva’s restaurant business arise from the indirect greenhouse gas emissions of food ingredients. No fossil fuels are used in the restaurant business directly (Scope 1 emissions). The emissions associated with the energy consumption of restaurant properties (Scope 2 emissions) are estimated to be small relative to the emissions arising from food ingredients. The carbon emissions caused by factors such as employee mobility are also minimal, as most journeys are made by walking, cycling and public transport. Restaurants that operate at Ylva’s own properties are included in the carbon calculations of Ylva’s real estate. The greenhouse gas emissions of food represent an estimate that will be specified further over time. The GHG

THE SALES OF VEGETARIAN AND VEGAN MEALS GREW TO REPRESENT 48 PER CENT OF THE TOTAL FOR THE YEAR AS A WHOLE AND 50 PER CENT OF THE TOTAL IN THE AUTUMN.

intensity of food is calculated by dividing the total emissions by the number of meals sold. The percentage share of vegetarian and vegan meals of all meals sold illustrates the transition to plant-based eating and is an indirect indicator of the emissions associated with the ingredients used by the restaurants.

Our food-related sustainability indicators and results

Key Performance Indicator (KPI)	Results in 2020	Results in 2020
Greenhouse gas emissions of food (Scope 3)	1 600 tCO ₂	2 950 tCO ₂
GHG intensity of food	1,2 kg/ateria	1,5 kg/ateria
% Vegetarian and vegan/total meals sold	48 %	40 %
% Vegan/total meals sold	35 %	26 %

The Scope 2 emissions for restaurants operating within University of Helsinki premises are not included in the figures.

Vegan takeaway food – future trends in the restaurant industry

Transitioning to vegetarian and vegan food is a trend that is essential for the future of humanity and one that is fortunately becoming increasingly popular. We are on the leading edge of this trend. We believe that an ambitious combination of delicious and sustainable food will continue to increase its importance and appeal. The COVID-19 pandemic has also boosted the popularity of takeaway meals. This is an area in which we want to develop – provided that we receive the approval of the Social Insurance Institution of Finland and the tax authorities to continue to sell takeaway meals even after the pandemic.

Our objective is to serve food that is highly sustainable, enjoyed by our customers and produced in a carbon-neutral manner. At the same time, we want to be an engine of change in our industry. In the [carbon roadmap](#) (in Finnish) of the Finnish Hospitality Association MaRa, for example, the responsibilities allocated to the restaurant industry are limited and the emissions arising from food ingredients are excluded entirely. This does not represent a high level of ambition. For more information on the restaurant industry's carbon roadmap and our actions, please refer to our [TCFD report](#).

Our aim is for UniCafe's customers to be positively surprised when eating at our restaurants:

“Here I am, eating food that helps save the world but that is also delicious and super affordable. I can also rely on the restaurant having thought the sustainability aspects of this meal through on my behalf to the greatest possible extent”.

Towards emission-free lunches

The journey to zero-carbon lunches will not be easy, but we are going to be brave and give it a try. We will reduce our carbon emissions through our choices of ingredients, supplier cooperation, and by seeking innovative new ingredients. However, the time frame we have set is so ambitious that we will not be able to reduce the carbon emissions of our ingredients to zero by the end of 2025.

This means that we will need to explore and experiment with various approaches to emission compensation. We are actively involved in the development of the industry. For example, we were the first company to start [cooperating](#) with the Compensate Foundation on emission compensation. Since 2019, our customers have had the opportunity to compensate their carbon footprint when making a purchase at each of our 17 restaurants and cafés in Helsinki.



Case: Cultured meat in student lunches? Share your food innovation with us!

Ylva is eager to cooperate with the best and most environmentally responsible operators in Finland to support Finnish enterprises and Finnish labor. We were the first to introduce crickets and pulled oats in commercial catering at our restaurant in Kaivopiha. Our diverse and open-minded customer base, consisting of over 1000 students daily, serves as an excellent platform for experimenting with sustainable innovation.

Cultured meat, vegetables grown in a bioreactor, or protein made out of thin air – do you have an idea you would like to test on the lunch plates of university students? Get in touch with us!

WE BELIEVE THAT AN AMBITIOUS COMBINATION OF DELICIOUS AND SUSTAINABLE FOOD WILL CONTINUE TO INCREASE ITS IMPORTANCE AND APPEAL.

Ylva's professionals build the Helsinki of the future



We defend human rights and invest in safe and healthy work environments where everyone can feel proud of their work.



We encourage our staff to make sustainable consumer choices, and to choose bicycles and public transportation over travelling by car. We look for sustainable solutions together with our personnel.



We lead by example. Every member of Ylva's staff is committed to building a sustainable Helsinki of the future.



Working life is in a period of transformation. The phenomena of our time, including stress-related problems and young people’s wishes regarding management styles, present challenges to all employers. Ylva wants to be the best workplace in Finland. Our priorities include providing an equal and non-discriminatory workplace that supports individual and collective development. In 2020, our operations were challenged by the COVID-19 pandemic, which had a particularly heavy impact on the employees of our UniCafe restaurants. Even redundancies could not be avoided.

Ylva wants to be the best workplace in Finland in a period characterized by the transformation of working life. We want to ensure an inspiring and supportive work environment for all the 152 Ylva employees, as well as the best possible opportunities for professional development and success. Few employers can offer their employees a vision that is as meaningful as ours: Ylva builds the Helsinki of the future.

All of us have a role to play in making the future better than the past. We want Ylva’s employees to be involved in developing new solutions, as the best innovations often come from those who work in close contact with our customers. This means that we engage our head chefs, cold chefs and cooks in coming up with ideas for new recipes in our restaurant business, and our leasing and construction managers in innovating our next steps in the real estate business. At Ylva, no-one is shouting down orders from an ivory tower.

The COVID-19 pandemic challenged Ylva’s employees

The COVID-19 pandemic in 2020 had a particularly dramatic impact on our restaurant business. The University of Helsinki closed its campuses in March, forcing us to suspend the operations of many of our restaurants. As much as 90 % of the net sales of our restaurants evaporated in the spring. All employees of Ylva Services Ltd were temporarily laid off in March until further notice. It was initially estimated that the layoffs would end on 31 August 2020. This was subsequently adjusted to 31 December 2020, but the prolonged situation has meant that the layoffs are now expected to be concluded on 31 August 2021. The situation has been complicated by its unpredictability: we depend on the university’s opening hours, as well as its policies concerning remote work and studying. This means that have only been able to prepare rosters for our restaurant employees for one week at a time.



Statutory cooperation negotiations were held for the employer’s production-related, financial, and reorganization-related reasons regarding the employees of Ylva’s accommodation business. The employment of the 14 employees of BOTH Helsinki was terminated at the end of August due to the conditions for offering work having diminished substantially and permanently.

We assessed the coping of our employees by means of separate surveys during the year. The results were positive in light of the circumstances, and we received good feedback on our communication in particular. The survey responses from nearly all of our office employees indicate that they perceive their work as meaningful. The responses from restaurant workers, in particular, were naturally characterized by uncertainty about the future.

It was a challenging year for everyone at Ylva, and we supported our employees in various ways. When unemployment funds became congested in the spring, we implemented an employee loan system to provide Ylva employees with nearly zero-interest employee loans with long payback periods. We purchased face masks for our employees to use during commuting and at work, and our office employees mostly worked remotely during the year. We also sought to communicate in an open and

timely manner with Ylva’s employees and shed light on the reasons behind our decisions.

We maintained all of our existing employee benefits, sent small gifts to employees on special occasions, and made efforts to organize key employee events. Our employees were supported by supervisors as well as our occupational health provider, whose services are accessible to all employees and has designated occupational health physicians for Ylva.

On top of this we ensured that the people who work at our construction sites could continue to work in safe conditions, and paid attention to details such as the spaciousness and safety of break rooms. The Finnish Construction Trade Union conducted a spot check at the Lyyra construction site during the year. We received very good feedback on the good working conditions at the site.

We are proud of Ylva’s employees and our unique community that continued to work towards our shared goals even under the exceptional circumstances of the past year. We want to continue to strengthen this culture and Ylva’s unique values-driven community in the future.



Code of conduct

1. We defend human rights
2. We oppose corruption and conflict of interests
3. We work as equals
4. We help improve the state of the planet
5. We compete fairly and follow the law
6. We work together and trust one another
7. We support growth and development
8. We know our partners
9. We produce benefits to our owners through sustainable finance
10. We cherish our unique community

A great workplace that makes the world better

At Ylva, we want to create a workplace that enables success and strong performance. In 2019, we surveyed our employees to determine the key characteristics of our workplace culture. The cornerstones highlighted in the survey responses were future, teamwork, fun, and goal-orientation.

Ylva's human resources management is based on our HR strategy and HR plan. In 2021, we will adopt a Code of Conduct that describes our values and operating methods. The cohesion among Ylva's employees is also reflected by the Great Place to Work certification, in which we improved our score in 2020. At our office, our day-to-day work is guided by wall art designed together with our employees. It summarizes the key components of Ylva's culture. One of the sentences on the wall says: "We are creating an Ylva that makes the world better and is the best workplace in Finland."

The wall art and our Great Place to Work certification help us realize our dream of being the best workplace in Finland. The first steps have already been taken at Ylva's office and next we will promote these ideas at our restaurants.

Equality and well-being are key priorities for us

Diversity is an asset for us and a normal part of our daily life . Our team members include young people in the early stages of their careers, veterans with decades of experience, as well as people of different nationalities and language groups. We are all individuals and so, we want to take individual needs into consideration in our approach to leadership and management.

Our aim is to take an active role in the promotion of diversity and equality: we want to identify the habits and structures that put people in an unequal position and to find solutions to such problems. Each year, we survey our employees' perceptions regarding discrimination and harassment. We were not informed of any such incidents in our own operations in 2020.

On top of this, we want our partners to make equality and non-discrimination a high priority. In 2020, we incorporated guidelines concerning respect for human rights into the subcontracting agreements of our construction projects. All companies involved in our projects are required to commit to the principles laid out in the guidelines. More information is provided in the section on our [real estate business](#).



OUR AIM IS TO TAKE AN ACTIVE ROLE IN THE PROMOTION OF DIVERSITY AND EQUALITY: WE WANT TO IDENTIFY THE HABITS AND STRUCTURES THAT PUT PEOPLE IN AN UNEQUAL POSITION AND TO FIND SOLUTIONS TO PROBLEMS.

Finally, we have an equality plan and, in 2021, we will pilot a whistleblowing channel at the Lyyra construction site to allow anyone to report potential misconduct to us.

The keys to development lie with individuals

Rapid digital development challenges us all. We want to ensure that everyone at Ylva has the necessary competencies to work in changing

operating environments. There is no one-size-fits-all solution to competence development. Development can take the form of learning on the job or job rotation, for example. We believe that everyone at Ylva has the ability to determine what type of development they need at any given time, and discuss these wishes in our development and performance review discussions; as well as in our day-to-day interaction, which is important for us to maintain.

Executive Team



**Eemeli Lehto, CFO,
Interim CEO**

At Ylva since 2019



**Ville Vaarala
Real Estate Director**

At Ylva since 2018



**Leena Pihlajamäki,
Business Director**

At Ylva since 2018



**Lea Jokio-Suramo,
COO**

At Ylva since 1984



**Jannica Aalto, Marketing
and Communications
Director**

At Ylva since 2018



**Antti Ruuska,
Chief Sustainability
Officer**

At Ylva since 2019

Antti Kerppola was Ylva's
CEO until 30.9.2020.

Leea Tolvas started as Ylva's CEO
15.2.2021.

Board of Directors



**Jenni Hupli,
Chair**



Jaakko Hietala



Sara Järvinen



Tarja Pääkkönen



Sofia Rahikainen



Anna-Maija Riekkinen



Reima Rytsölä



Sameli Sivonen



Erkka Valkila



Santeri Velin



Petri Minni

The principles and policies governing Ylva's sustainability efforts

Ylva's business operations are guided by the values of the Student Union of the University of Helsinki (HYY) and the ownership strategy including its general operating principles.

The ownership strategy sets out the owner's policy regarding the direction of Ylva's business operations and provides the framework within which Ylva's business strategies shall be prepared. HYY's Representative Council evaluates the implementation of the ownership strategy annually in connection with reviewing the financial statements, based on a statement issued by the Supervisory Board.

Sustainability issues in accordance with the policies outlined in the ownership strategy are discussed at the Group's strategic level as part of the Executive Team's strategy days at least once a year, before the end of the third quarter.

Each year, in the fourth quarter, Ylva defines its financial targets for the coming year as well as sustainability goals and carbon reduction

targets in line with the UN Sustainable Development Goals (SDG). These targets are included in the carbon budget document.

Ylva's Executive Team prepares the budget for approval by Ylva's Board of Directors. The Supervisory Board then issues a statement on the budget and it is subsequently approved by HYY's Board and Representative Council.

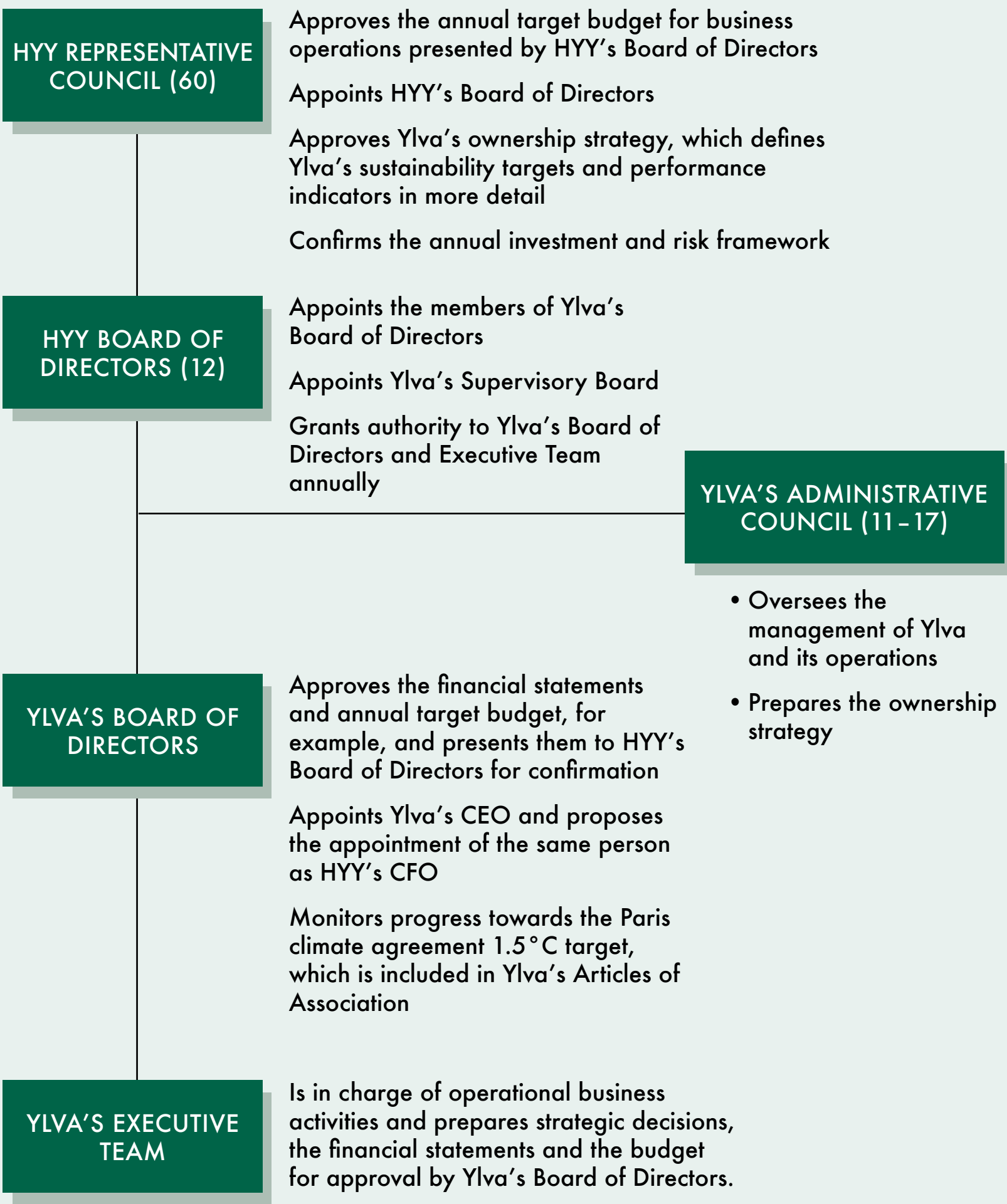
More information is available in [Ylva's carbon budget document](#).

The Executive Team reports to the Board of Directors three times per year on Ylva's key sustainability indicators and related measures.

The key indicators include the carbon emissions of Ylva's properties and, in the restaurant business, the share of vegetarian and vegan meals of total sales.

An annual calendar is used in monitoring the achievement of the sustainability targets.

At the Group level, addressing climate risks and opportunities and the achievement of cli-



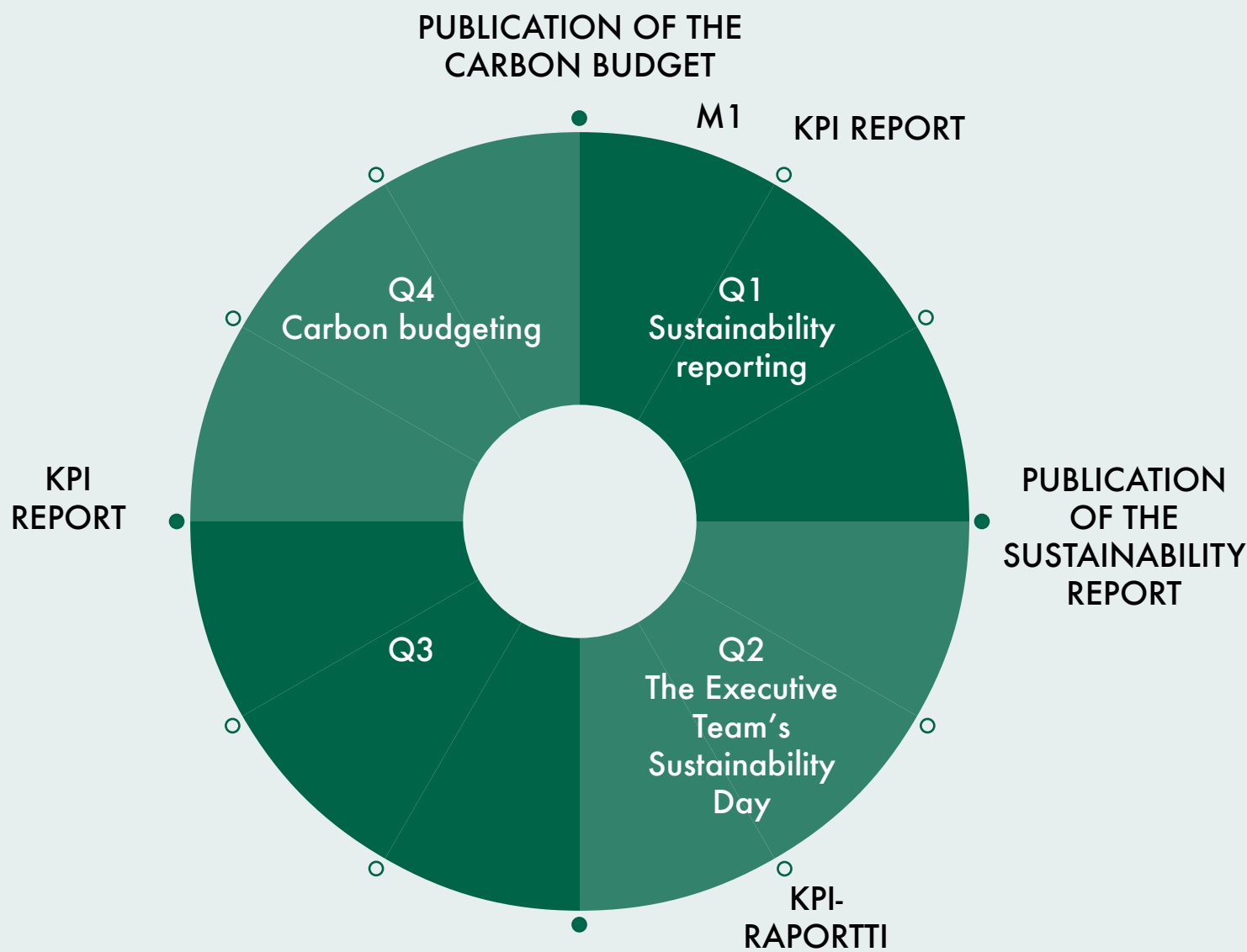
mate targets – both in business operations and in investments – is ultimately the responsibility of Ylva’s CEO, who is also in charge of Ylva’s operations in general. The CEO is supported by the Chief Sustainability Officer, who is part of the Executive Team.

The directors in charge of the real estate business and the restaurant business are responsible for addressing climate and sustainability issues in their respective business areas. They ensure that the employees are encouraged to come up with ideas and pursue continuous improvement.

Climate targets are integrated into the incentive systems in place for the Executive Team and the directors of Ylva’s business areas in particular. Incentives are based on quantitative performance indicators related to financial targets, carbon reductions and employee satisfaction. The performance indicators used in incentive systems also incorporate qualitative assessments, which include targets that promote sustainability.

In the future, Ylva employees at the managerial level will be included in the scope of incentive systems under the same criteria.

The annual calendar illustrates Ylva’s sustainability management



Sustainability management events	Explanation/ event content
Publication of Ylva’s sustainability report	Once a year, Ylva publishes a comprehensive sustainability report, the aims of which include not only reporting but also impact through stimulating discussion in society.
The Executive Team’s Sustainability Day	Sustainability issues are discussed at the strategic level as part of the Executive Team’s strategy days at least once a year.
KPI reporting	Reporting three times per year in connection with monthly reporting to Ylva’s Board of Directors on the carbon emissions of properties and the share of vegetarian and vegan meals along with related actions.
Carbon budgeting	Sustainability targets are set as part of the carbon budgeting process annually. Ylva prepares the budget and it is approved by Ylva’s Board of Directors. The Supervisory Board then issues a statement on the budget and it is subsequently approved by HYY’s Board of Directors and finally the Representative Council.

Ylva's EU taxonomy report

In this section, we discuss our calculations and experiences related to the EU taxonomy. Intended to support sustainable financing, the newly introduced taxonomy helps investors, companies, business sector operators and EU Member States direct their investments to sustainable targets. In its current form, the taxonomy is open to interpretation in some parts and highly detailed in other parts. Certain industries, such as restaurants, are excluded entirely from the taxonomy, and it remains unclear how the taxonomy will support the sustainable transformation of these industries. For real estate, the energy efficiency category is the key criterion for evaluating sustainability.

Environmentally friendly financing benefits the entire planet

For the goals of the Paris climate agreement to be achieved, actions at the state level alone are not enough. Instead, private capital needs to be more effectively invested in more climate-friendly investment targets. For this reason, investors are increasingly seeking sustainable investments, but not many have been available, or at least defining sustainability in investments has been challenging.

Accordingly, there is a need for clear criteria for environmentally friendly investments. Dozens of criteria and classification systems for responsible investment created by various

market participants have been used around the world. Making reliable comparisons between them has been impossible.

The European Union is looking to rectify this problem by creating a comparable and harmonised system that provides clear rules for responsible investment. The EU taxonomy for sustainable finance was published at the beginning of March 2020. Nearly 47,000 comments were submitted during the public feedback period for the regulatory draft of the taxonomy during the latter part of 2020. This underscores not only the importance of the subject matter but also the challenges involved. The final regulation was scheduled to be completed by the end of 2020.

The taxonomy defines what types of investments represent a path towards a carbon-neutral and sustainable economy. It is an important element of the EU's future climate policy action. The taxonomy will help channel flows of public and private capital more effectively in an environmentally sustainable direction.

The industries included in the criteria cover approximately 94 per cent of the EU's carbon dioxide emissions, which means that their key functions in the real estate and construction sector are naturally included.

To be eligible for the taxonomy, operations must meet the following criteria:

- The operations must promote at least one of six sustainability objectives related to climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.
- Operations also may not cause a significant adverse impact to the achievement of other goals in accordance with the DNSH (Do No Significant Harm) principle. Operators are also required to adhere to the key sustainability principles of the UN, OECD and ILO.

Following the implementation of the regulation, large listed companies and financial market participants will be required, at risk of a fine, to report the share of sustainable business of their overall business operations in accordance with the taxonomy. The new regulations are expected to enter into force at the turn of the year 2021–2022.

Ylva takes a favourable stance towards these reforms. For this reason, we decided to voluntarily conduct the taxonomy calculations ahead of time, in accordance with the latest version of the taxonomy that is available, despite the fact that we are not within the scope of the requirements.

The results of Ylva's taxonomy analysis

No specific criteria have been defined for the restaurant business in the EU taxonomy. For the time being, criteria are only available for operations in the primary part of the supply chain in agriculture and the food industry. At the same time, however, the EU recognises that operations that encourage lower-carbon personal choices, such as vegetarian and vegan diets, represent significant potential for reducing emissions. In Ylva's opinion, the net sales of vegetarian and vegan meals should, in the

future, be calculated as supporting the low-carbon transformation under the taxonomy.

This taxonomy analysis for Ylva focuses on the sustainability criteria defined by the EU for the real estate business based on the draft regulations as at November 2020. We recognise that the taxonomy criteria are likely to change before the regulations are finalised and certain aspects are still open to interpretation.

The table below shows a summary of Ylva's taxonomy results.

- Ylva's total net sales in 2020: EUR 22.8 million
- Ylva's total investments in 2020: EUR 41.7 million

Energy class plays a central role in real estate ownership

The taxonomy analysis for Ylva's own properties is fairly straightforward. As regards property ownership, buildings that were built before the end of 2020 must be in energy efficiency class A to promote the transition to a low-carbon society or energy class B to promote climate change adaptation. Our properties do not meet these requirements. In other respects, our properties could meet the taxonomy criteria according to our interpretation. However, confirming this would require a more detailed analysis of whether the TCFD section of this sustainability report meets the taxonomy re-

Summary of Ylva's taxonomy results

	SHARE IN ACCORDANCE WITH THE EU TAXONOMY	
	Of net sales in 2020 (EUR 22.8 million)	Of investments in 2020 (EUR 41.7 million)
Climate change mitigation, activities that are already low-carbon	EUR 0 million (0%)	
Climate change mitigation, activities that promote the low-carbon transition	Lyyra, Grand Hansa and Kaivopiha EUR 0-41.7 million (0-93%)	
Activities that promote adaptation to climate change	Energy efficiency projects EUR 2.9 million (7%)	
Total	EUR 0 million (0%)	EUR 2.9-41.7 million (7-100%)

quirements pertaining to the assessment of the climate risks associated with our properties.

The clear message of the taxonomy analysis is that Ylva – like all property owners in Finland – should improve the energy efficiency classification of their property portfolio if they intend to engage in green real estate business in the future.

The taxonomy strongly reflects the view that energy savings and clean energy production are the right path for the real estate sector. Carbon neutrality measures achieved through green electricity, zero-emission heating products and emission compensation are meaningless from the perspective of the taxonomy and they do not guarantee access to green financing.

Lyyra satisfies the taxonomy criteria for the most part

The taxonomy criteria for newly constructed buildings are quite opaque in certain respects and highly detailed in other respects – with regard to the flow rates of water taps, for example. Our view is that Lyyra – a block that combines office premises, a hotel, apartments and services – meets the criteria for climate change mitigation at least for the most part. At this time, it is impossible to predict the regulatory developments, the final interpretation of the requirements, the extent to which they are binding and whether there is any flexibility involved.

Fulfilling the criteria may be challenging if Finnish legislation (concerning energy classifi-

cation and indoor-air-quality classification) does not correspond to the taxonomy requirements, if the maximum flow rate for shower taps (6 l/min) turns out to not be sufficient for the showers in the hotel section of the block or if the adaptability and demolishability solutions adopted in the building's design phase turn out to be inadequate.

Lyyra from the perspective of climate change mitigation

The taxonomy lays out three main requirements for newly constructed buildings. The requirements concern their energy efficiency class, airtightness and heat leaks as well as carbon footprint calculation. Newly constructed buildings are also subject to several DNSH requirements.

Requirement 1: The taxonomy criteria for new construction projects stipulate that the buildings must be 20 per cent better than the near-zero energy building (NZEB) level. Lyyra satisfies this requirement by a clear margin. Potential problems may arise from the fact that energy efficiency classification in Finland is not purely based on the consumption of primary energy, i.e. unprocessed natural energy. Instead, the energy source multiples used in calculations also take into account (pursuant to section 117 g of the Finnish Land Use and Building Act) the promotion of the use of re-

newable energy and the heating method from the perspective of the overall efficiency of energy production.

Requirement 2: Buildings are also required to be airtight and moderate with regard to heat leaks. Any deviations must be reported to investors. Lyyra meets these criteria.

Requirement 3: Buildings in excess of 5,000 m2 in size are required to have a full life-cycle carbon footprint calculation that must be presented to investors and customers upon request. This calculation has been produced for Lyyra.

DNSH (2): In our estimate, the project is not subject to significant climate risks in accordance with Appendix E, Table II of the taxonomy criteria.

DNSH (3): The water consumption of plumbing fixtures – including toilets, urinals, taps and showers – is subject to strict requirements. While the other flow rate requirements are met, the 6 l/min flow rate requirement for showers is more challenging, as products that satisfy this requirement are not generally available in the market. Furthermore, experience of the use of such products in Finland is limited. It is also unclear what problem this requirement aims to solve. The sufficiency of water reserves in Finland does not involve the same challenges as in many other countries.

DNSH (4): The recovery rate of Lyyra's demolition and construction waste (requirement: more than 70 per cent) satisfies the criterion by a clear margin. Our view is that Lyyra also meets the requirement with regard to addressing adaptability in the design stage. As regards demolishability, the fulfilment of the criteria will need to be assessed further.

DNSH (5): Naturally, the building does not contain any asbestos. With respect to the other requirements, it is unclear how they relate to the indoor air quality classification and criteria used in Finland. Fulfilling this requirement is subject to a separate analysis on the relationship between the requirements and the indoor air quality classification system. If they do not correspond to each other, a more extensive analysis and special measures pertaining to purchases will be necessary.

DNSH (6): The building satisfies the requirements concerning biodiversity and natural ecosystems, as it is not located in a particularly sensitive or protected nature area. The property is located in an existing urban environment on a plot that was previously developed.



SUSTAINABILITY OBJECTIVES



- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Kaivopiha and the Grand Hansa hotel also satisfy the taxonomy criteria for the most part

In our view, the Kaivopiha retail block and the Grand Hansa hotel also satisfy the taxonomy criteria for the most part, at least with regard to energy efficiency. At this time, it is impossible to predict the regulatory developments, the final interpretation of the requirements, the extent to which they are binding and whether there is any flexibility involved.

Fulfilling the criteria may be challenging if Finnish legislation (concerning indoor air quality classification) does not correspond to the taxonomy requirements, if the maximum flow rate for shower taps in the project's hotel section cannot fulfil the target of 6 l/min, if the adaptability and demolishability solutions

adopted in the building's design phase turn out to be inadequate, or if the overall recovery rate of construction and demolition waste does not reach 70 per cent for one reason or another.

Kaivopiha and the Grand Hansa hotel from the perspective of climate change mitigation

Requirement 1: The projects satisfy the requirements concerning renovation projects and their energy efficiency and are therefore in line with the taxonomy criteria.

DNSH (2): In our estimate, the project is not subject to significant climate risks in accordance with Appendix E, Table II of the taxonomy criteria.

DNSH (3): The flow criterion for plumbing fixtures (taps, urinals, toilets) is satisfied.

There may be challenges in this respect with the Grand Hansa luxury hotel, where the flow rate of showers may exceed the maximum permitted flow rate of 6 l/min.

DNSH (4): These projects presumably meet the overall recovery rate target of 70 per cent concerning demolition and construction waste.

DNSH (5): Naturally, the materials used in the renovation project do not contain any asbestos. With respect to the other requirements, it is unclear how they relate to the indoor air quality classification and criteria used in Finland.

Energy efficiency through projects that are in line with the taxonomy criteria

Ylva carried out three separate energy efficiency projects in 2020. A facade renovation was carried out on the Ylva-owned apartments located in Kamppi. In our view, this project can be classified as the installation of equipment to improve energy efficiency in accordance with the taxonomy criteria. Our project to reduce the water consumption of plumbing fixtures also falls into this category. An extensive set of actions involving energy efficiency upgrades and control was a combination of equipment installation in accordance with the taxonomy criteria and control that improves energy efficiency. These measures also did not cause any

significant harm. Consequently, they were in line with the taxonomy as a whole. Nevertheless, as they did not elevate the buildings in question to energy class A, we interpret these upgrades as falling in the category of climate change adaptation rather than mitigation.

The risks and opportunities of climate change – Ylva's TCFD report



As a forerunner in responsibility, Ylva builds a fairer and more sustainable society. We want to actively promote the development of corporate responsibility in Finland. The competitiveness of our business also depends on our capacity for renewal and leadership, particularly with regard to sustainability.

In this report, we apply the reporting model recommended by the TCFD (Task Force on Climate-related Financial Disclosures) for the first time. The model sets out and develops best practices for companies to report the impacts, risks and opportunities related to climate change. In our report, we discuss the general principles and policies of our sustainability efforts, our targets and performance indicators as well as how we prepare for the 1.5°C and 4°C climate scenarios.

Ylva's main target is to achieve carbon neutrality by the end of 2025. We intend to achieve this goal much faster than our industries on average and without making financial compromises. We encourage all of our competitors to do the same. We are also committed to the Paris Agreement goal of limiting the increase in the global average temperature to 1.5°C. It is important to recognize that even warming of 1.5–2°C would have very wide-ranging and primarily negative impacts

on global biodiversity, food systems, the availability of fresh water and sea level rise. Flooding and heatwaves will become increasingly common in the future even if climate targets are achieved. The impacts are dramatic and they extend from polar ice cover to the loss of coral reefs. Among the world's human population, the underprivileged will be hit the hardest.

We use various ways to encourage everyone at Ylva to continuously come up with ideas and develop our operations to promote sustainability. We listen closely to all suggestions. We also engage external stakeholders in our sustainability efforts: our annual sustainability competition is one example of this. The competition is open to everyone and aimed at collecting ideas and suggestions for improving the sustainability of Ylva's real estate and/or restaurant operations. The suggestion that is the most feasible and scalable and has the greatest impact on society receives an award.

Ylva's climate risk management and strategy

Sustainable development goals and biodiversity are key considerations in all of Ylva's decision-making, operations and purchasing. Sustainability issues should never be seen as reputational factors or risk factors that are separate from actual business operations. Environmental well-being is not merely a by-product of our operations.

Ylva takes an integrated and proactive approach to climate issues and other sustainability issues. They are a natural aspect of Ylva's day-to-day business operations and all levels of decision-making. No separate processes have been defined for these issues, as they are closely integrated into the work of the Executive Team and the Board of Directors' meeting agendas, for example.

Pursuant to Ylva's Articles of Association, the company's Board of Directors shall assess the climate risks of the business and prepare a

scheduled and science-based plan for adapting the operations of the company and its group companies to the 1.5°C warming limit stipulated by the Paris Agreement. Climate risks, the adaptation plan and the implementation plan shall be reported on annually, starting from the Annual General Meeting 2021.

Responsible investing

Ylva's investment operations balance the risks of the real estate and restaurant businesses and serve as a cash reserve, especially during the ongoing investment programme. Ylva's securities portfolio is managed by eQ as an external asset manager. It reports to Ylva on sustainability issues twice a year in connection with the usual financial reporting.

In addition to satisfying general ESG (Environmental, Social and Governance) standards, the equity investments in the portfolio must be completely free of fossil fuels. The portfolio being fossil-free means that the investments exclude fossil fuel production, refining and distribution activities as well as energy production based on fossil fuels. To be considered fossil-free, a company that is invested in must derive no more than 10 per cent of its net sales from operations related to fossil fuels.

We engage in genuine development-oriented dialogue with our asset manager on promoting the sustainability of the investment portfolio. This means that Ylva does not simply sign off on the reports it receives. The meetings with the asset manager have included discussions and sparring on sustainability policies, such as avoiding investments in airlines and oil industry operators.

The asset manager takes our sustainability views into account in making decisions on the

investments in our portfolio and monitors violations via the ISS Ethix service. If violations are observed and the company that is invested in does not rectify the situation quickly enough, the investment may be divested from the portfolio.

Compliance and Due Diligence

Ylva observes the UN Global Compact principles in its operations and lease agreements. New and extended lease agreements whose sustainability requires an assessment are submitted to the Board of Directors for review.

Ylva is a signatory to the Net Zero Carbon initiative for real estate. Under the initiative, Ylva aims for carbon neutral buildings and properties by 2025. In addition to addressing climate risks, Ylva also aims to promote socially sustainable business practices.

Together with the other member organizations of the OECD-supported B4IG (Business for Inclusive Growth)

coalition, Ylva strongly supports the view that the legislative package currently pending in the EU should include the requirement to take human rights into consideration through mandatory due diligence processes. We demonstrated our support for this in December by signing a list of content proposals for the legislation in question. Legislation should be based on international standards concerning:

SUSTAINABILITY ISSUES SHOULD NEVER BE SEEN AS REPUTATIONAL FACTORS OR RISK FACTORS THAT ARE SEPARATE FROM ACTUAL BUSINESS OPERATIONS. ENVIRONMENTAL WELL-BEING IS NOT MERELY A BY-PRODUCT OF OUR OPERATIONS.

- The UN Guiding Principles on Business and Human Rights (UNGP)
- The OECD Guidelines for Multinational Enterprises
- The OECD Due Diligence Guidance for Responsible Business Conduct
- The Conventions of the UN and the International Labour Organization (ILO).

At the Lyyra construction site, an inclusive construction site pilot project is currently under way as part of Ylva's B4IG efforts. Operating guidelines incorporated into all subcontracting agreements clearly document Ylva's principles concerning non-discrimination and inclusivity. The guidelines also include concrete requirements pertaining to safety, remuneration and working conditions. An anonymous whistleblowing channel has also been established for the project to enable the reporting of violations. Everyone who works at the site

can report any violations and deviations they experience or observe. The aim of the project is to promote greater social sustainability in the construction industry as a whole.

Sustainability reporting

Ylva wants to develop its sustainability reporting to make it more comparable and structured. In 2020, we made use of established reporting frameworks – such as the GRI – for the first time. Read more about the business-specific sustainability indicators of our real estate business and restaurant business.

We also report annually on our compliance with – and promotion of – the Global Compact principles. We are also one of the first organisations in Finland to calculate shares of net sales and investments in accordance with the EU Taxonomy. We do this completely voluntarily and one year ahead of schedule. More information on the EU Taxonomy and Ylva's results is available on page [XX](#).

Sustainability targets and indicators

Ylva’s sustainability targets are an integral aspect of the annual budgeting efforts carried out in accordance with the annual calendar. The goal of reducing the carbon footprint goes hand in hand with Ylva’s profitability targets, and

the UN Sustainable Development Goals (SDGs) have been taken into account in budgeting in each business area. The table below summarizes our business performance indicators, actions and key achievements.

	Targets	Performance indicators and monitoring	Actions taken in 2020	Achievements
Ylva’s business as a whole	Ylva’s goal is to make it possible for the student union of the University of Helsinki to operate without membership fees through the distribution of profits from business operations after the current investments (by 2025) and to achieve Group-level carbon neutrality by the end of 2025.	The key indicators of carbon neutrality include the carbon emissions of Ylva’s properties and, in the restaurant business, the share of vegetarian and vegan meals of total sales. Ylva also monitors the shadow costs of its carbon emissions and prices them according to the CPLC (Carbon Pricing Leadership Coalition) definition. The shadow cost of carbon (SCC) illustrates the price level of emission rights required to achieve the climate targets outlined in the Paris Agreement. It illustrates Ylva’s future business risk related to the pricing of carbon emissions.	The carbon neutrality targets for the Group as a whole are managed via the carbon budget. Ylva’s first carbon budget was prepared in late 2019. The actions taken in 2020 were related to the business-specific implementation of the carbon budget as well as the continued development of carbon budgeting.	In 2020, Ylva’s carbon footprint (tCO₂/year) decreased by 39 per cent year-on-year. Of the total reduction in emissions achieved during the year, approximately 20 per cent are attributable to actions taken by the company and permanent by nature. For real estate, the permanent reduction in emissions was achieved by improvements in energy efficiency. In the restaurant business, the reduction was mainly attributable to discontinuing the use of beef and, to a lesser extent, the growth of the relative sales volume of vegetarian and vegan meals. For real estate, the low emissions were also attributable to the mild weather, ongoing renovation projects and the COVID-19 crisis. In the restaurant business, emissions were low due to the sharp decline in sales volume. The emission reductions attributable to these factors are temporary by nature and they are expected to be reversed in the future. Ylva’s carbon emissions relative to net sales in 2020 amounted to 142 tCO₂/MEUR (2019: 143 tCO₂/MEUR).

	Targets	Performance indicators and monitoring	Actions taken in 2020	Achievements
Restaurant business	In the restaurant business, the goal is to serve sustainable and ethical food with a profitable price/quality ratio. Serving sustainable and ethical food helps influence Finnish norms related to eating and promotes the mitigation of climate change.	The key indicator of carbon neutrality in the restaurant business is the share of vegetarian and vegan meals of total sales. Other key performance indicators include customer satisfaction and the share of domestic ingredients.	Ylva's restaurants discontinued the use of beef starting from February. From August onwards, vegan lunches have been priced lower than other lunch options.	The restaurant business achieved the target set for 2020 of vegetarian and vegan meals representing 50 per cent of total sales. The next target is to increase this figure to 60 per cent by 2025. The restaurant business achieved an emission reduction of 15 per cent by discontinuing the use of beef and an emission reduction of 5 per cent by increasing the relative share of vegetarian and vegan meals.
Real estate business	The stability, long-term approach and predictability of the real estate business ensure the long-term development of operations. The aim is to transition to carbon-neutral energy consumption by the end of 2025, to operate the properties as energy-efficiently and, in construction projects, favor low-carbon construction materials and solutions that promote biodiversity.	The key performance indicators in the real estate business are progress towards the Net Zero Carbon objective, the operational carbon emissions relative to the gross floor area of the properties and the repair backlog of the properties.	Sustainability in the real estate business is promoted by favoring environmentally friendly solutions during the property life-cycle, including eco-friendly construction (the carbon footprint is an important selection criterion in tendering processes for contractors) and by prioritizing energy efficiency in the construction stage and in renovation projects.	Ylva's energy efficiency project achieved an emission reduction of approximately 10%, while the renewal of Kaivopiha, the facade renovation of the apartments located in Kamppi and upgrades to plumbing fixtures achieved an emission reduction of another 10%.
Investment operations	The long-term goal for investment operations is to generate returns that exceed the benchmark index relative to the investment portfolio's overall risk level. Ylva also aims to be a pioneer in responsible investing. The goal is to reduce the portfolio's carbon footprint each year.	Starting from 2020, the carbon footprint is the most important sustainability indicator of the portfolio. The securities portfolio is already very low in carbon compared to the Finnish equity market, for example. Since the start of 2020, the securities portfolio's return on investment has been slightly above 33 per cent, while the carbon footprint of investments decreased by 4.4 per cent at comparable figures.	Ylva reviews the ESG report of the investment portfolio with the asset manager at least twice a year. In these meetings and discussions, Ylva's representatives and the asset manager seek ways to reduce the portfolio's carbon intensity and may also make decisions on the exclusion of certain companies or industries. The reduction of the portfolio's carbon emissions is a key indicator – alongside the return on investment – in assessing the asset manager's performance.	The carbon footprint relative to the portfolio's market value and the net sales of the companies invested in decreased in 2020, but the portfolio's carbon footprint based on absolute figures increased following a change in allocation to increase the weight of fixed income instruments with the aim of balancing Ylva's business risks. The fossil-free nature of fixed income instruments is more difficult to assess for the time being. In addition, fixed income instruments are typically used for financing by more capital-intensive enterprises, whose business model involves higher emissions on average.

More detailed assessment of the carbon footprint

We measure and assess the carbon footprint at the Group level and the business level through direct emissions (Scope 1), the indirect emissions of purchased energy (Scope 2) and other indirect emissions (Scope 3). The information is compiled in the table below.

The Scope 1 carbon emissions of the ongoing projects at Ylva’s properties were moderate in 2020. These emissions are estimated as a percentage figure of the total emissions caused since the start of each project. Carbon emissions constitute a majority of Ylva’s carbon debt, which refers to the temporarily higher carbon emissions associated with the construction and commissioning of energy-efficient properties, which will be compensated over time by the emission reductions enabled by energy-efficient buildings.

The most significant carbon emissions of Ylva’s properties are indirect Scope 2 emissions associated with purchased energy. These figures include the network losses of energy distribution. The network losses of green electricity are compensated by purchasing additional certificates of origin.

The Scope 3 emissions of the properties are minimal, as they mainly consist of emissions caused by the construction of energy production infrastructure and plants. In the restau-

rant business, the most significant emissions by a clear margin are caused by the indirect Scope 3 emissions of purchased ingredients. The Scope 2 emissions of the energy purchases of restaurants that operate at our own properties are included in the Scope 2 emissions of Ylva’s properties.

Ylva also has restaurants that operate in properties owned by the University of Helsinki, which are carbon neutral starting from 2020 according to the university.

THE GOAL OF REDUCING THE CARBON FOOTPRINT GOES HAND IN HAND WITH YLVA’S PROFITABILITY TARGETS, AND THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS) HAVE BEEN TAKEN INTO ACCOUNT IN BUDGETING IN EACH BUSINESS AREA.

The carbon intensity of Ylva’s investment portfolio relative to market value and the net sales of the companies invested in, using the OMX Helsinki CAP index as the benchmark

	Carbon intensity (market value) - tCO ₂ /MEUR	Carbon intensity (net sales) tCO ₂ /MEUR
Ylva	82.9	174
OMX Helsinki CAP	222.6	370

Carbon emissions, tCO₂e

	2020			2019		
	Scope 1	Scope 2	Scope 3	Scope 1	Scope 2	Scope 3
Real estate	0 / Insignificant ¹⁾	1,670	Vähäinen merkitys ¹⁾	Insignificant ¹⁾	2,400	Insignificant ¹⁾
Restaurant business	Insignificant ¹⁾	Insignificant ¹⁾	1,600	Insignificant ¹⁾	Insignificant ¹⁾	2,950 ²⁾
Total					2,400	2,950

1) The emissions in question are estimated to be minimal and they have not been separately determined.

2) Estimate of annual Scope 3 emissions. Will be specified further in the future.

Climate change risks, impacts and management methods

Risk type and explanation	Manifestation and potential impact on operations	Management methods
Transition risks The transition to a low-carbon economy will cause changes in, for example, regulations, technology and consumer behavior	The impacts of regulation – such as the prices of emission rights and carbon taxes – may lead to increased costs. Consumer behavior and stricter regulation may influence markets and the reputation of investment targets.	Ylva manages the cost risk related to CO₂ emissions in its operations by calculating the shadow cost of carbon (SCC), which helps manage the risks associated with potential carbon taxes, compensation and other costs. We calculate our climate debt to prepare for its potential repayment. We prepare for the possibility that our tenants will start to demand that their business premises are low-carbon. We are also prepared to offer low-carbon business premises as a service. In the restaurant business, we prepare for the growing popularity of plant-based diets through continuous innovation and recipe development. We price our plant-based lunches lower than other lunch options. We manage our investment portfolio proactively by excluding certain industries and focusing on decreasing emissions.
Acute physical risks Extreme weather conditions, such as increased flooding, wind-driven rain, drought and high winds	Extreme weather phenomena and natural disasters, such as flooding and hurricanes. The drying of river beds, for example, may influence logistics costs, while crop damage caused by drought or excessive rain may influence food production costs. High temperatures can increase the cooling costs of business premises.	Extreme weather phenomena (e.g. catastrophic flooding in Helsinki’s city center) can have an impact on properties. For now, Ylva has prepared for these risks by familiarizing itself with flood surveys concerning Helsinki’s city center.
Chronic physical risks Depletion of natural resources, mass migration, political instability	Drought, heatwaves, rain. In food production, the cultivation of crops such as coffee and cocoa may become impossible in the current regions due to the conditions becoming unfavorable for cultivation. Acute physical risks become chronic.	Climate change will reduce heating costs. Conversely, cooling costs will increase. District cooling helps us prepare for growing cooling needs without emissions.

Scenario analysis

- Climate scenario analysis helps understand the sustainability priorities of Ylva's business relative to other industry operators and the national objectives. We compare Ylva's operations with the low-carbon roadmaps drafted by RAKLI and the Finnish Hospitality Association MaRa. Both of these organizations have created their roadmaps in cooperation with the consulting firm Gaia.
- Ylva is committed to a target that is substantially more ambitious than those of its industries and the surrounding society: carbon neutrality in 2025. We want to set an example that inspires other operators to enhance their environmental responsibility. The long-term future scenarios we use are taken from a study conducted by Deloitte for the Confederation of Finnish Industries in early 2020. The study presents scenarios based on climate models to illustrate the impacts of climate change on Finnish business in 2050.
- The scenario analysis looks at two warming pathways:
- The 4°C pathway, which would cause significant physical changes according to the World Bank's estimates. This would likely lead to increased social instability in many countries by 2050.
- The 1.5°C pathway in line with the goals of the Paris Agreement. This scenario for 2050

would see us living in a low-carbon society achieved through a tremendous structural transformation of production and consumption.

Real estate business

For the Paris climate goals to be achieved, the carbon emissions of Finland's property stock need to be reduced by 84 per cent compared to 2017. Energy consumption during the use of properties represents the highest emission reduction potential by 2050.

The basic scenario evaluated by RAKLI reflects the probable development of the industry's emissions if the currently known emission reduction measures and regulatory guidance were to continue. While this in itself is enough to achieve the emission target, investments in innovative technical solutions make it possible to achieve significant additional reductions in emissions.

Ylva is the first Finnish real estate developer to have joined the World Green Building Council's Net Zero Carbon Buildings (NZCB) commitment. Ylva's commitment is aimed at reducing the carbon emissions generated during the use of properties to zero by 2025. In practice, this will be achieved through the continuous improvement of energy efficiency, smart and proactive property control, the purchasing of zero-emission energy, the deployment of new

innovations and the use of additive energy purchasing models. At the same time, it is important to keep in mind that construction and materials account for a significant proportion of the life-cycle carbon emissions of buildings. Achieving the zero-carbon goal during the operational stage shifts the emission impacts of the property life-cycle almost entirely to the emissions associated with construction and materials. In the future, reductions in emissions must be sought in these areas and the industry must find ways to offer lower-carbon materials and solutions to this end.

**YLVA IS COMMITTED TO A TARGET THAT IS
SUBSTANTIALLY MORE AMBITIOUS THAN THOSE
OF ITS INDUSTRIES AND THE SURROUNDING
SOCIETY: CARBON NEUTRALITY IN 2025.**

The preparations of the real estate business for the warming pathways

Below, we explore the societal impacts of the 1.5°C and 4°C scenarios and how Ylva’s real estate business prepares for them.

THE 4°C SCENARIO IN THE REAL ESTATE BUSINESS	
Society in the 4°C scenario	In the 4°C scenario, extreme weather phenomena may lead to political instability and an increase in cyber-attacks. This, in turn, may have significant adverse effects on digital building technology solutions. The demand for relatively secure Nordic raw materials – such as steel – may increase globally, leading to higher prices. Potential mass migration to Europe may increase the availability of labor in the construction industry. However, if the mobility of labor and people is restricted, the availability of labor in the construction industry may decline, particularly in the main growth centers where the need for construction is expected to remain high. This may lead to unexpected costs, delays in construction projects, higher costs and interruptions in earnings for Ylva in the future.
Ylva’s preparations for the scenario	The milder winter weather mentioned in the scenario lead to savings in heating costs. Even if summertime cooling needs were to increase, the net cost effect for Ylva would likely be positive. The impacts of climate change increase costs associated with increased rain and preparations for flood risks. Most of Ylva’s properties are located within approximately 10 kilometers of the sea, which means that they are subject to a higher-than-average climate burden. For the buildings, this could mean not only the risk of flooding from the sea but also challenges related to moisture management due to wind-driven rain and high winds.

THE 1.5°C SCENARIO IN THE REAL ESTATE BUSINESS	
Society in the 1.5°C scenario	In the 1.5°C scenario, the energy sector has evolved to be very low in emissions, enabling the extensive use of clean, cost-efficient and data-driven building technology solutions and services. As society becomes increasingly low-carbon, more investments are made in renovation and new construction.
Ylva’s preparations for the scenario	Ylva’s current investment programme is well-aligned with the 1.5°C target. New construction and renovation projects have been designed right from the start according to strict low-carbon and energy efficiency targets, environmental certificates (LEED Platinum) and the OECD’s principles of responsible business conduct (for example, Lyyra will be one of the most sustainable buildings in Finland).

Restaurant business

In the basic scenario drawn up by the Finnish Hospitality Association MaRa, the emissions of the restaurant and travel industry will be reduced by 77 per cent by 2035, using 2018 as the baseline, without any emission reduction measures by the industry itself. Ylva views the sustainability of its restaurant operations more broadly than merely the emissions generated by properties and vehicles. Consequently, Ylva will not benefit from a corresponding “free reduction” in emissions. Most of the emissions from the restaurant business consist of the indirect (Scope 3) emissions arising from the production of the ingredients used.

Ylva has an ambitious programme geared towards low-emission lunches. In 2020, vegetarian and vegan meals accounted for half of the sales of Ylva’s restaurants. We discontinued the use of beef in 2020, which reduced the carbon footprint of our restaurant ingredients by 15 per cent. We monitor food waste closely with the Hävikkimestari system. Food waste is also prevented in various ways.

The most significant obstacle and risk to the achievement of our targets is that the low-carbon plans of the producers of the ingredients progress slower than those of Ylva (for example, Valio has set a target of carbon neutrality by 2035, and lower-emission ingredients are not yet adequately available). Consequently,

until the carbon footprint of ingredients is significantly reduced, we will need to compensate our emissions to achieve our goal of carbon neutrality. We are currently in the process of testing and exploring compensation methods and alternatives, as a ready-to-use solution is not yet available. More work remains to be done with regard to, for example, the verifiability, calculation methods, additionality and transparency of compensation measures. We are still learning and contributing to progress in our industry to help us achieve our goal faster.

In the restaurant industry, the availability and prices of domestic and imported ingredients are critical factors. Climate change has a direct impact on the price of end products through cultivation conditions, for instance. One threat that is common to all of the scenarios is the spread to Finland of new animal and plant diseases – including those that can potentially infect people.

Next, we explore the societal impacts of the 1.5°C and 4°C scenarios and how Ylva’s restaurant business prepares for them.

The preparations of the restaurant business for the warming pathways

THE 4°C SCENARIO IN THE RESTAURANT BUSINESS	
Society in the 4°C scenario	In Finland, the climate risks of agriculture will increase significantly as a result of the higher frequency of extreme weather phenomena, for example. This can have a dramatic impact on the availability and prices of domestic ingredients. In the 4°C scenario, cultivation areas are lost and relocated and many imported raw materials (such as coffee and spices) will become more expensive, leading to ingredients in recipes being replaced by alternatives that are less expensive and more widely available. Migration to Finland may increase significantly. This could have a positive impact on the availability of labor in the service sector.
Ylva’s preparations for the scenario	Ylva’s costs may increase and meals may become more expensive. However, the meal subsidies of the Social Insurance Institution of Finland would likely be adjusted according to the situation, which would mitigate the financial impacts. The range of available ingredients may be reduced (less fresh fruit, vegetables and meat) and become more dependent on domestic ingredients. If this development were to be paired with domestic ingredients being subject to factors that restrict their availability or increase their prices, recipe development will need to be used to get more out of fewer ingredients.
THE 1.5°C SCENARIO IN THE RESTAURANT BUSINESS	
Society in the 1.5°C scenario	The 1.5°C scenario would likely bring similar impacts, but they would be less dramatic than in the 4°C scenario. Sustainability will be emphasized in consumers’ choices.
Ylva’s preparations for the scenario	Ylva is one of the few operators whose current actions are already in line with the 1.5°C scenario. According to Ylva’s customer satisfaction survey, only about 10 per cent of the customers primarily choose red meat for lunch and 56 per cent of the respondents indicated that sustainability influences their meal choices.

Ylva's Global Compact sustainability report 2020

In 2010, Ylva made a commitment to the UN Global Compact (UNGC) initiative's 10 principles concerning human rights, labour law, the environment and anti-corruption. This COP report is for the calendar year 2020 (1 January–31 December 2020).

Ylva works to promote human rights and decent work and against corruption

Ylva supports and respects human rights in all of its operations. Our equality plan guides our efforts to achieve non-discrimination through appropriate measures and rules against discrimination. Ylva's employees are free to join, belong to, or be members of legal trade unions and to act as part of such organisations. We observe generally binding collective labour agreements in industries in which such agreements exist.

Ylva is committed to the eradication of all forms of forced labour, including child labour. We have adopted guidelines incorporated into our subcontracting agreements to call on partners to ensure a healthy and safe work envi-

ronment for employees, including fair pay and dignified treatment of employees in terms of their working conditions and accommodation.

Ylva sees multiculturalism as an asset. We do not place anyone in an unequal position due to personal reasons. Adherence to this principle is important in our operations and we want to extend it to also cover our subcontracting chain. In 2021, we will implement an anonymous whistleblowing channel for reporting suspected ethical violations.

We take action against all forms of corruption and ensure that our employees and partners are familiar with our principles and comply with them.

In 2020, there were no incidents in the operations of Ylva or its partners that would have violated the UN Global Compact principles

pertaining to human rights, the standards of working life and corruption.

Environmental and climate responsibility are at the core of Ylva's operations

Ylva anticipates the environmental risks associated with its operations and makes appropriate preparations. We apply the precautionary principle in activities that have an impact on the environment. We prepared our first carbon budget in 2019. The budget helps us reduce our carbon dioxide emissions with the aim of achieving carbon neutrality by the end of 2025. We want to contribute to building a sustainable future. In our investments, we choose solutions that are as efficient and advanced as possible with regard to environmental technology and

economy. We had an extensive energy efficiency project under way in 2020. More information on the project and our other practical actions is provided in the sections on the real estate business and the restaurant business in this report.

We also actively promote responsible investing. Our securities portfolio is very low in carbon compared to the benchmark. Our investments are fossil-free.

In 2020, there were no incidents in the operations of Ylva or its partners that would have violated the UN Global Compact principles pertaining to the environment.

Want to read more on the themes mentioned above? We discuss these themes more extensively in the various sections of our sustainability report.

GRI Index

This content index takes into account GRI where applicable, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, UN Global Compact principles and the key SDG’s for Ylva’s operations (7, 8, 11, 12 and 13).

GRI Standard	Disclosure Title	Location	Additional information	UN Global Compact principles	Sustainable Development Goals (SDG)
GRI 102: GENERAL DISCLOSURE					
Organizational profile					
102-1	Name of the organization	Front cover			
102-2	Activities, brands, products, and services	Introduction, p. 3 Board of Directors’ Report and Financial Statements, p. 3–4			
102-3	Location of headquarters	GRI Index	Kaivokatu 10 A, 00101 Helsinki, Finland		
102-4	Location of operations	Introduction, p. 3 Board of Directors’ Report and Financial Statements, p. 3			
102-5	Ownership and legal form	Board of Directors’ Report and Financial Statements, p. 3–4			
102-6	Markets served	Board of Directors’ Report and Financial Statements, p. 3–4			
102-7	Scale of the organization	Board of Directors’ Report and Financial Statements, p. 4, 6, 8			
102-8	Information on employees and other workers	People, p. 22 Board of Directors’ Report and Financial Statements, p. 8			
102-9	Supply chain	Real Estate, p. 10–12 Restaurants, p. 19 Board of Directors’ Report and Financial Statements, p. 3–4			
102-10	Significant changes to the organization and its supply chain	CEO's Review, p. 4–6 Restaurants, p. 18 Board of Directors’ Report and Financial Statements, p. 3			
102-11	Precautionary Principle or approach	Real Estate, p. 9–15 Restaurants, p. 17–19 EU taxonomy report, p. 29–31 TCFD report, p. 33–34 Global Compact report, p. 42		7	8, 12
102-12	External initiatives	GRI Index	UN Global Compact, Sustainable Development Goals, World Green Building Council Net Zero Carbon Buildings, WWF Green Office and OECD B4IG network		
102-13	Membership of associations	GRI Index	Finnish Business & Society (FIBS), Chamber of Commerce (Kauppakamari), The Finnish Hospitality Association (MaRa ry), Zero accidents forum coordinated by the Finnish Institute of Occupational Health (Nolla tapaturmaa -foorumi), Steps to Organic program (Portaat Luomuun), Marketing Finland (Mainostajien liitto), The Finnish Association of Property Owners and Construction Clients (Rakli ry), Helsinki City Marketing and Finland's Sustainable Investment Forum (Finsif)		

GRI Standard	Disclosure Title	Location	Additional information	UN Global Compact principles	Sustainable Development Goals (SDG)
Strategy					
102-14	Statement from senior decision-maker	CEO's Review, p. 4–6			
102-15	Key impacts, risks, and opportunities	Introduction, p. 3–6 Year 2020, p. 7 TCFD report, p. 38–39 Board of Directors’ Report and Financial Statements, p. 7–8		1, 2, 6, 8, 9	7, 8, 11, 12, 13
Ethics and integrity					
102-16	Values, principles, standards, and norms of behavior	Introduction and CEO's Review, p. 3–6 The principles and policies governing Ylva's sustainability efforts, p. 27–28 Board of Directors’ Report and Financial Statements, p. 9 Web page: ylva.fi/en/ylva/about-us/		1, 2, 3, 4, 5, 6, 7, 8, 9, 10	
102-17	Mechanisms for advice and concerns about ethics	Real Estate, p. 12 People, p. 24 Board of Directors’ Report and Financial Statements, p. 9		10	8
Stakeholder engagement					
102-40	List of stakeholder groups	Introduction, p. 2			
102-41	Collective bargaining agreements	Global Compact report, p. 42		3	8
102-42	Identifying and selecting stakeholders	GRI Index	Stakeholders are parties who are somehow involved with Ylva, parties who can affect or are affected by Ylva and/or the surrounding world.		
102-43	Approach to stakeholder engagement	GRI Index	Ylva engages in continuous dialogue with its stakeholders throughout the year.		
102-44	Key topics and concerns raised	Introduction, p. 4–6			

GRI Standard	Disclosure Title	Location	Additional information	UN Global Compact principles	Sustainable Development Goals (SDG)
Reporting practice					
102-45	Entities included in the consolidated financial statements	Board of Directors’ Report and Financial Statements, p. 14			
102-46	Defining report content and topic Boundaries	GRI Index	Ylva's work with the Sustainable Development Goals (SDG's), Carbon Budget, industry-specific SASB standards have affected the content of the report. Also external commitments, UNGC, World Green Building Council Net Zero Carbon Buildings and WWF Green Office affected how the material topics were chosen. The material topics and report content were further refined by internal discussion.		
102-47	List of material topics	GRI Index	The material topics of Ylva taken into account are: energy and water consumption, greenhouse gas emissions, waste, occupational health and safety and diversity.		
102-48	Restatements of information	GRI Index	No significant changes.		
102-49	Changes in reporting	GRI Index	This year Ylva reports for the first time according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), conducted the EU taxonomy analysis. The report refers to GRI Standards by choosing applicable indicators. This report also is Ylva's United Nation's Global Compact Communication on Progress report.		
102-50	Reporting period	Introduction, p. 2	1.1.2020–31.12.2020		
102-51	Date of most recent report	Carbon Budget 2021 Board of Directors’ Report and Financial Statements 2019	This is Ylva's first sustainability report. In December 2020 we published the Carbon Budget for 2021 and the Board of Director's Report and Financial Statements. The first Carbon Budget was done in 2019.		
102-52	Reporting cycle	GRI Index	Ylva strives to report annually about its sustainability. This is the first sustainability report of Ylva.		
102-53	Contact point for questions regarding the report	Introduction, p. 2	Chief Sustainability Officer Antti Ruuska antti.ruuska@ylva.fi		
102-54	Claims of reporting in accordance with the GRI Standards	GRI Index	This report references the following GRI Standards: 101 Using the GRI Standards (2016), 102 General disclosures (2016), 103 Management Approach (2016), 203 Indirect economic impacts (2016), 205 Anti-corruption (2016), 203 Energy (2016), 303 Water and effluents (2018), 305 Emissions (2020), 403 Occupational health and safety (2018), 405 Diversity and equal opportunity (2016) and Non-discrimination (2016).		
102-55	GRI content index	GRI Index			
102-56	External assurance	GRI Index	The report has not been audited.		

GRI Standard	Disclosure Title	Location	Additional information	UN Global Compact principles	Sustainable Development Goals (SDG)
GRI 103: MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its Boundary	Real Estate, p. 8–15 Restaurants, p. 16–20 People, p. 21–24 TCFD report, p. 33–34			
103-2	The management approach and its components	Introduction, p. 2–3 Real Estate, p. 8–15 Restaurants, p. 16–20 People, p. 21–24 TCFD report, p. 33–34			
103-3	Evaluation of the management approach	The principles and policies governing Ylva's sustainability efforts, p. 27–28			
ECONOMIC STANDARDS					
GRI 201: ECONOMIC PERFORMANCE					
201-1	Direct economic value generated and distributed	Board of Directors’ Report and Financial Statements, p. 4, 6, 8, 11–13			8
201-2	Financial implications and other risks and opportunities due to climate change	EU taxonomy report, p. 29–31 TCFD report, p. 33–4			8
GRI 203: INDIRECT ECONOMIC IMPACTS					
203-1	Infrastructure investments and services supported	Real Estate, p. 9–15 Board of Directors’ Report and Financial Statements, p. 5			8, 11, 12
203-2	Significant indirect economic impacts	Introduction, p. 2–6 Board of Directors’ Report and Financial Statements, p. 4 Carbon Budget Web page: ylva.fi/en/ylva/sustainability/		1, 2, 3, 4, 5, 6, 7, 8, 9, 10	7, 8, 11, 12, 13
GRI 205: ANTI-CORRUPTION					
205-3	Operations assessed for risks related to corruption	Global Compact report, p. 42	No cases in 2020.	10	

GRI Standard	Disclosure Title	Location	Additional information	UN Global Compact principles	Sustainable Development Goals (SDG)
ENVIRONMENTAL STANDARDS					
GRI 302: ENERGY					
302-1	Energy consumption within the organization	Real Estate, p. 9–15	Ylva does not as of yet report absolute energy figures, but describes the emissions of energy use and reduction of energy consumption.	8, 9	7, 13
302-3	Energy intensity	Real Estate, p. 9–15 Restaurants, p. 19		8, 9	7, 13
302-4	Reduction of energy consumption	Introduction, p. 5 Real Estate, p. 9–15 Restaurants, p. 19 EU taxonomy report, p. 30–34 TCFD report, p. 35–39		8, 9	7, 13
GRI 303: WATER AND EFFLUENTS					
303-5	Water consumption	GRI Index	Ylva does not as of yet report absolute water consumption figures. The water is delivered by Helsinki Region Environmental Services (HSY) and does not come from water stress areas.	8, 9	8, 12
GRI 305: EMISSIONS					
305-1	Direct (Scope 1) GHG emissions	Real Estate, p. 11		7, 8, 9	7, (8, 12,)13
305-2	Energy indirect (Scope 2) GHG emissions	Real Estate, p. 11		7, 8, 9	7, (8, 12,)13
305-3	Other indirect (Scope 3) GHG emissions	Real Estate, p. 11 Restaurants, p. 19	Within the other indirect greenhouse gas emissions are the emissions of food ingredients and the carbon footprint of the construction sites. The calculation of carbon footprint becomes more accurate in the future. The carbon footprint of the constrction site is sizeable, but non-continuous by nature.	7, 8, 9	7, (8, 12,)13
305-4	GHG emissions intensity	Real Estate, p. 11 Restaurants, p. 19 TCFD report, p. 35–37		7, 8, 9	7, (8, 12,)13
305-5	Reduction of GHG emissions	Real Estate, p. 11 Restaurants, p. 19 TCFD report, p. 35–37		7, 8, 9	7, (8, 12,)13
GRI 306: EFFLUENTS AND WASTE					
306-2	Waste by type and disposal method	Year 2020, p. 7 Real Estate, p. 11 Restaurants, p. 19 EU taxonomy report, p. 31		8, 9	12

GRI Standard	Disclosure Title	Location	Additional information	UN Global Compact principles	Sustainable Development Goals (SDG)
SOCIAL STANDARDS					
GRI 401: EMPLOYMENT					
403-1	New employee hires and employee turnover	People, p. 23	We onboard all employees at Ylva about the occupational health by using the action plan that can be found in the intranet. All laws, regulation and collective bargaining agreements regarding occupational health and safety are followed at the construction sites. External contractors are in charge of the contruction sites which thus follow their occupational health and safety systems. We guide the operations and provide principles in the inclusion appendix of the construction sites. Occupational health care for employees at Ylva is done centrally via Ylva Palvelut Oy. The restaurants have their own processes and instructions regarding occupational safety. Also, Ylva's restaurants have participated (as the first restaurant industry actor) in the Zero Accidents forum coordinated by the Finnish Institute of Occupational Health (Nolla tapaturmaa -foorumi).	1, 6	8
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY					
405-1	Diversity of governance bodies and employees	GRI Index	Ylva Palvelut Oy employed 153 people in the end of the year, of which 149 have permanent contracts and 4 fixed-term contracts. Of the employees 47 are men, 106 are women, 21 are younger than 30 years old, 89 are 30 to 50 years old and 43 are over 50 years old.	1, 6	8
GRI 406: NON-DISCRIMINATION					
406-1	Incidents of discrimination and corrective actions taken	GRI Index	We do not have information of any incidents in 2020 regarding our own activities.	1, 6, 10	8

GRI Standard	Disclosure Title	Location	Additional information	UN Global Compact principles	Sustainable Development Goals (SDG)
TCFD					
GOVERNANCE					
	a. Describe the organization’s governance around climate-related risks and opportunities.	The principles and policies governing Ylva's sustainability effortst, p. 27–28		7, 8	8, 13
	b. Describe management’s role in assessing and managing climate-related risks and opportunities.	The principles and policies governing Ylva's sustainability efforts, p. 27–28 TCFD report, p. 33		7, 8	8, 13
STRATEGY					
	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Introduction, p. 2, 4–6 Real Estate, p. 8–14 Restaurants, p. 16–20 The principles and policies governing Ylva's sustainability efforts, p. 27–28 EU taxonomy report, 29-31 TCFD report, 33		7, 8, 9	8
	b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Real Estate, p. 14–15 The principles and policies governing Ylva's sustainability efforts, p. 27–28 EU taxonomy report, 29-31 TCFD report, p. 38		7, 8	8
	c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	TCFD report, p. 40–41		7	8
RISK MANAGEMENT					
	a. Describe the organization’s processes for identifying and assessing climate-related risks.	Introduction, p. 2, 4–6 Real Estate, p. 8–14 Restaurants, p. 16–20 The principles and policies governing Ylva's sustainability efforts, p. 27–28 TCFD report, 33		7	8
	b. Describe the organization’s processes for managing climate-related risks.	The principles and policies governing Ylva's sustainability efforts, p. 27–28 TCFD report, p. 33		7	8
	c. Describe how processes for identifying, assessing, and managing climated-related risks are integrated into the organization’s overall risk management.	TCFD report, p. 33–34		7	8
METRICS AND TARGETS					
	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	TCFD report, p. 35–38		7, 8, 9	8
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Real Estate, p. 11 Restaurants, p. 19 TCFD report, p. 34		8, 9	7, 8, 13
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Real Estate, p. 9–15 Restaurants, p. 19–20 TCFD report, p. 35–36		8, 9	7, 13

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