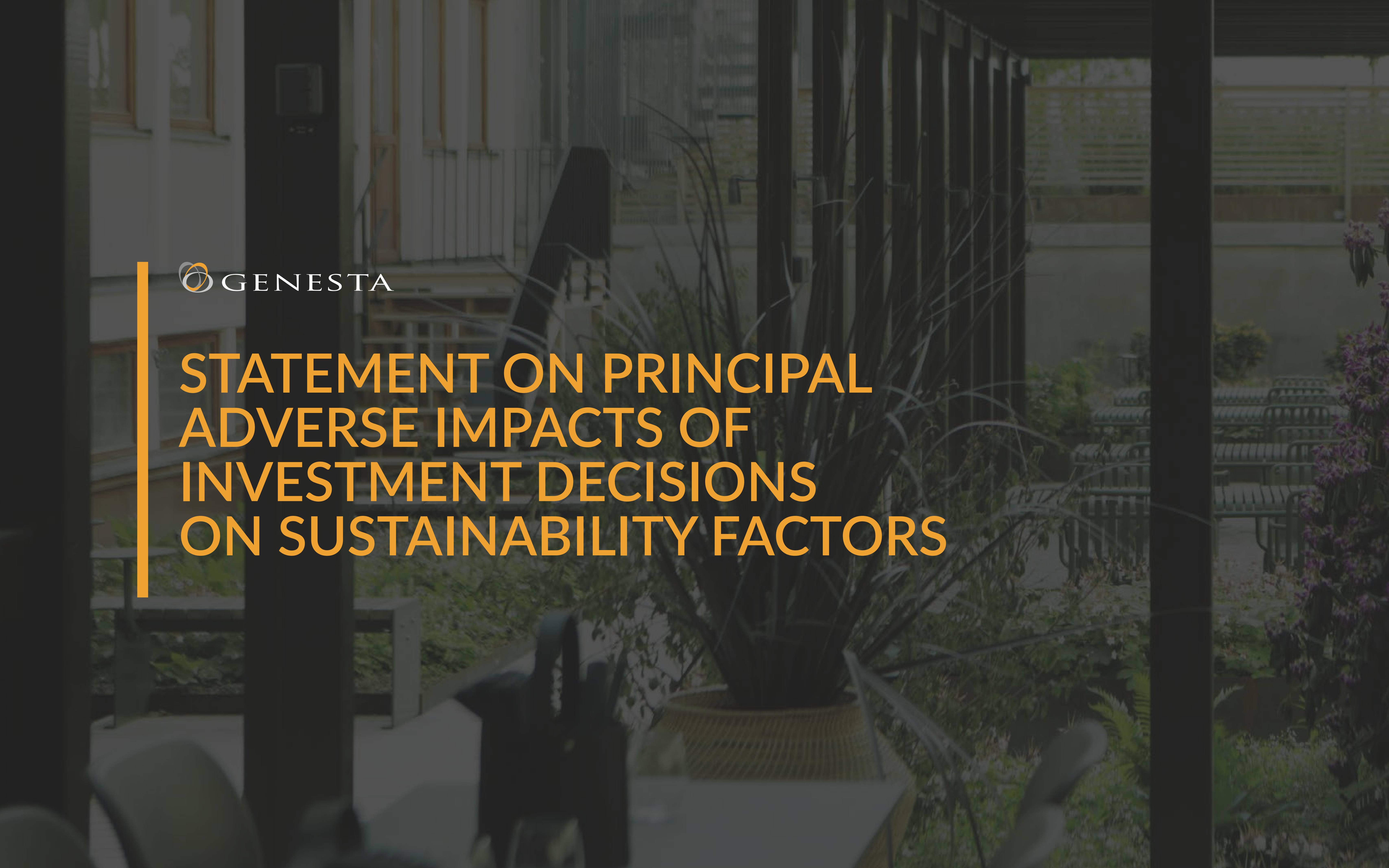

GENESTA

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

GENESTA NORDIC CAPITAL FUND MANAGEMENT S.À R.L.

07 NOVEMBER 2023
VERSION 2.0

Financial market participant Genesta Nordic Capital Fund Management S.à r.l. (LEI: 222100LSIB7AT225E48)
Summary Genesta Nordic Capital Fund Management S.à r.l. ("Genesta") (LEI: 222100LSIB7AT225E48) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Genesta.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022 and Genesta's impact on the mandatory indicators including the indicators applicable to investments in real estate assets.

Resumé (DA) Genesta Nordic Capital Fund Management S.à r.l. ("Genesta") (LEI: 222100LSIB7AT225E48) vurderer de vigtigste negative indvirkninger af sine investeringsbeslutninger på bæredygtighedsfaktorer. Denne redegørelse er den konsoliderede redegørelse for Genestas vigtigste negative indvirkninger på bæredygtighedsfaktorer.

Denne redegørelse for de vigtigste negative indvirkninger på bæredygtighedsfaktorer dækker referenceperioden fra 1. januar til 31. december 2022 og Genestas indvirkning på de obligatoriske indikatorer, herunder de indikatorer, der gælder for investeringer i fast ejendom.

Samenvatting (NL) Genesta Nordic Capital Fund Management S.à r.l. ("Genesta") (LEI: 222100LSIB7AT225E48) houdt rekening met de belangrijkste ongunstige effecten van haar investeringsbeslissingen op duurzaamheidsfactoren. Deze verklaring is de geconsolideerde verklaring over de belangrijkste ongunstige effecten op de duurzaamheidsfactoren van Genesta.

Deze verklaring over de belangrijkste ongunstige effecten op de duurzaamheidfactoren heeft betrekking op de referentieperiode van 1 januari tot en met 31 december 2022 en de impact van Genesta op de verplichte indicatoren, met inbegrip van de indicatoren die van toepassing zijn op investeringen in vastgoed.

Zusammenfassung (DE) Genesta Nordic Capital Fund Management S.à r.l. ("Genesta") (LEI: 222100LSIB7AT225E48) berücksichtigt die wichtigsten nachteiligen Auswirkungen ihrer Anlageentscheidungen auf Nachhaltigkeitsfaktoren. Bei der vorliegenden Erklärung handelt es sich um die konsolidierte Erklärung zu den wichtigsten nachteiligen Auswirkungen auf Nachhaltigkeitsfaktoren der Genesta.

Diese Erklärung zu den wichtigsten nachteiligen Auswirkungen auf die Nachhaltigkeitsfaktoren bezieht sich auf den Bezugszeitraum vom 1. Januar bis 31. Dezember 2022 und die Auswirkungen von Genesta auf die obligatorischen Indikatoren, einschließlich der Indikatoren für Investitionen in Immobilienvermögen.

DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

TABLE 1

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES

Adverse sustainability indicator			Metric	Impact 2022 [1]	Impact 2021	Explanation [2]	Actions taken and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1.	GHG emissions	Scope 1 GHG emissions	0%	0%	N/A	N/A
			Scope 2 GHG emissions	0%	0%	N/A	N/A
			Scope 3 GHG emissions	0%	0%	N/A	N/A
			Total GHG emissions	0%	0%	N/A	N/A
	2.	Carbon footprint	Carbon footprint	0%	0%	N/A	N/A
	3.	GHG intensity of investee companies	GHG intensity of investee companies	0%	0%	N/A	N/A
	4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	N/A	N/A
	5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources , expressed as a percentage of total energy sources.	0%	0%	N/A	N/A
	6.	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0%	0%	N/A	N/A
Biodiversity	7.	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	N/A	N/A
Water	8.	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0%	0%	N/A	N/A
Waste	9.	Hazardous waste and radioactive waste radio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0%	0%	N/A	N/A

[1] This information covers the period of 1 January until 31 December of 2022. Information will be continuously published on an annual basis. Impact has been calculated and illustrated as the average of impacts on 31 March, 30 June, 30 September, and 31 December of 2022. The methodology used to calculate the indicators for adverse impacts is based on the following documents:

1. Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, also referred to as the Sustainable Finance Disclosure Regulation (SFDR).

2. Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088, also referred to as the Regulatory Technical Standards (RTS).

3. Annex I to Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088.

4. Responses from the European Commission in 'Section IV. PAI disclosures' in the 'Consolidated questions and answers (Q&A) on the SFDR (Regulation (EU) 2019/2088) and the SFDR Delegated Regulation (Commission Delegated Regulation (EU) 2022/1288)', version JC 2023 8, issued 17 May 2023.

As the SFDR and its implementing provisions RTS have only been in effect since 10 March 2021 and 1 January 2023, respectively, uncertainties remain regarding the interpretation of the regulation and its disclosure requirements. Therefore, Genesta will continuously monitor the issuance of additional guidance on the SFDR and its disclosure requirements and apply it where relevant.

[2] In the future, this column will provide an explanation on the development of the impact of the principal adverse impact indicator against the different reference periods based on the actions taken during the reporting year.

Adverse sustainability indicator			Metric	Impact 2022 [1]	Impact 2021	Explanation [2]	Actions taken and actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10.	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	N/A	N/A
	11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	N/A	N/A
	12.	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0%	0%	N/A	N/A
	13.	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0%	0%	N/A	N/A
	14.	Exposure to controversial weapons (anti-personel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	N/A	N/A

Adverse sustainability indicator			Metric	Impact 2022	Impact 2021	Explanation	Actions taken and actions planned and targets set for the next reference period
INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS							
Environmental	15.	GHG intensity	GHG Intensity of investee countries	0%	0%	N/A	N/A
Social	16.	Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries) as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0%	0%	N/A	N/A

Adverse sustainability indicator			Metric	Impact 2022 [3]	Impact 2021	Explanation	Actions taken and actions planned and targets set for the next reference period
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS							
Fossil fuels	17.	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels	0.1%		Our impact on exposure to fossil fuels through real estate assets has been calculated by collecting data on each asset's exposure across our portfolio. This information is registered for each real estate asset in our portfolio. The share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels has been estimated by taking the exposed area (in m2) and calculating the corresponding investment value of that share.	From 2023, real estate investments involved in the extraction, storage, transport or manufacture of fossil fuels have been added to the red flag assessment of the pre-screening, to avoid further investments in new real estate investments that are exposed to fossil fuels at the portfolio level.
Energy efficiency	18.	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	77.8%		This indicator has been calculated in accordance with formula (5) in Annex I supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council. For real estate assets in our portfolio built before 31/12/2020 we have collected the EPC reports for each asset to determine whether they are considered "energy inefficient" according to the definition in Annex I. For real estate assets in our portfolio built after 31/12/2020, we have evaluated whether the real estate assets have a Primary Energy Demand (PED) at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures.	The relatively high share of investments in energy-inefficient real estate assets can be explained through Genesta's brown-to-green strategy where the goal is to improve the energy efficiency of properties with an often-low EPC to start out with. It can in those cases be challenging to retrofit the property to a high EPC level above C. During 2022, different renovation measures have been conducted for several real estate assets in our portfolio to improve the energy efficiency of the assets. The renovation measures include façade and roof upgrades, window repairs, renovation of HVAC machinery and electricity systems, installation of rooftop solar panels and motion sensors for light, and upgrades of Building Management Systems ("BMS"). Water metering systems have also been installed at several real estate assets of our portfolio. This enables the detection of leaks and pipe blockages. The implementation can lead to substantial savings on water, energy, and consumption-related costs. Energy Management Systems (EMS) have been implemented for several real estate assets in our portfolio. Governance and solutions for continuous monitoring and reporting will be established in 2023-2024. The intention is that continuous monitoring can be used by property and ESG managers to track and improve the energy efficiency performance of the assets. New ESG targets have been established for all the funds in our portfolio that apply as of 2023. Included targets are related to active property renovation strategies to increase energy efficiency and mitigate climate risks.

[3] This information covers the period of 1 January until 31 December of 2022. Impact has been calculated and illustrated as the average of impacts on 31 March, 30 June, 30 September, and 31 December of 2022. Information will be continuously published on an annual basis.

TABLE 2

ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability indicator			Metric	Impact 2022 [3]	Impact 2021	Explanation	Actions taken and actions planned and targets set for the next reference period
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS							
Greenhouse gas emissions	18.	GHG emissions	Scope 2 GHG emissions generated by real estate assets	428.58 tCO_2e		We use third-party ESG specialists to assess the impact for "Scope 2 GHG emissions generated by real estate assets". The data sources used to assess the impact include, but are not limited to, the following: • Energy bills; • Meter readings (preferred automated readings; if not available, manual readings); • On-site inspections; and • Market and location-based emission factors For the impact related to "Scope 2 GHG emissions generated by real estate assets", the data for several real estate investments have been partially estimated by making reasonable assumptions for one or more quarters. Data gaps may have been caused by the following reasons: • We did not own the real estate asset for the full year of 2022 and therefore data collection systems were not in place for the full year • The real estate asset did not have any consumption of energy at the time, e.g., due to the real estate asset undergoing renovation or low tenant occupancy, etc. For data gaps related to the indicator "Scope 2 GHG emissions generated by real estate assets", the third-party ESG specialist has relied on the estimated energy consumption and emission factors.	In 2022, the carbon footprint of the portfolios of two of the funds in our portfolio were reduced by approximately 29% and 30%, respectively, exceeding their targets of reducing greenhouse gas emissions by 15% compared to 2021 in CO2e/m2 occupied. These reductions could be the result of numerous factors, including weather changes between 2022 and 2021 resulting in e.g. different needs for heating and/or cooling purposes, changes in vacancy levels of the buildings, changes in occupancy behavior, divestment of some assets, lack or unavailability of consumption data, increased levels of renewable energy provided, actions taken to reduce GHG emissions, etc. During 2022, different renovation measures have been conducted at several real estate assets to lower the greenhouse gas emissions of our portfolio. The renovation measures include façade and roof upgrades, window repairs, renovation of HVAC machinery and electricity systems, installation of rooftop solar panels and motion sensors for light, and upgrades of Building Management Systems ("BMS"). In 2022, we conducted energy audits, incl. CRREM carbon pathways and feasibility studies for on-site renewables. These are all necessary steps to establish what actions are necessary to achieve a reduction of greenhouse gas emissions. Energy audits have been conducted for most assets in our portfolio and we will seek to continue conducting energy audits for more real estate assets during 2023. As of now, we only collect data on scope 2 emissions from the real estate assets in our portfolio. We also collect some data already on scope 3 emissions (tenant grid electricity consumption) for several properties and aim to build data collection systems to support the collection and reporting of scope 1 and scope 3 emissions across our portfolio in the future. New ESG targets have been established for all the funds in our portfolio that apply as of 2023. For one of the funds, this includes net zero carbon targets. Specifically, for a 100% of the real estate assets of that fund (based on market value): • A CRREM pathway will be established within four months of ownership • Feasibility studies for renewable energy installation will be undertaken within four months of ownership and measures derived from such feasibility studies will be defined within such real estate assets' business plans • A standardized process will be implemented to identify (i) any fuel combustion boilers and furnaces and (ii) feasible measures for their removal

Adverse sustainability indicator			Metric	Impact 2022 [3]	Impact 2021	Explanation	Actions taken and actions planned and targets set for the next reference period
INDICATORS APPLICABLE TO INVESTMENTS IN REAL ESTATE ASSETS							
Energy consumption	19.	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0.00048 GWh/m^2		We use third-party ESG specialists to assess the impact for "Energy consumption intensity". The data sources used to assess the impact include, but are not limited to, the following: • Energy bills; • Meter readings (preferred automated readings; if not available, manual readings); • On-site inspections; • For the impact related to "Energy consumption intensity", the data for several real estate investments have been partially estimated by making reasonable assumptions for one or more quarters. Data gaps may have been caused by the following reasons: • We did not own the real estate asset for the full year of 2022 and therefore data collection systems were not in place for the full year • The real estate asset did not have any consumption of energy at the time, e.g., due to the real estate asset undergoing renovation or low tenant occupancy, etc. For the data gaps related to the indicator "Energy consumption intensity", estimations have been made by a third-party ESG specialist using the following methodology: • For missing data on electricity consumption, it has been assumed that consumption of electricity is constant throughout the year. • For missing data on energy used for heating, estimations are based on heating degree days in the region where the real estate asset is located or by using the calculations from the real estate asset's EPC	In 2022, the energy consumption of two of the funds in our portfolio was reduced by approximately 24% and 26%, respectively, exceeding their targets of reducing energy consumption by 10% compared to 2021 in kWh/m2 occupied. These reductions could be the result of numerous factors, including weather changes between 2022 and 2021 resulting in e.g. different needs for heating and/or cooling purposes, changes in vacancy levels of the buildings, changes in occupancy behavior, divestment of some assets, lack or unavailability of consumption data, actions taken to reduce energy consumption, etc. During 2022, different renovation measures have been conducted at several real estate assets to lower the energy consumption of our portfolio. The renovation measures include façade and roof upgrades, window repairs, renovation of HVAC machinery and electricity systems, motion sensors for light, and upgrades of Building Management Systems ("BMS"). Water metering systems have also been installed at several real estate assets in our portfolio. This enables the detection of leaks and pipe blockages. The implementation can lead to substantial savings on water, energy, and consumption-related costs. Energy Management Systems (EMS) have been implemented for several real estate assets in our portfolio. Governance and solutions for continuous monitoring and reporting will be established in 2023-2024. The intention is that continuous monitoring can be used by property and ESG managers to track and improve the energy efficiency performance of the assets. New ESG targets have been established for the funds in our portfolio that apply as of 2023, which includes targets related to active property renovation strategy to increase energy efficiency and to mitigate climate risks.

DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Throughout this section we will describe how the principal adverse impacts are identified and prioritized throughout various processes and policies and how this is managed in Genesta.

RESPONSIBILITY FOR THE IMPLEMENTATION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Genesta's Board of Directors approves and adopts sustainability policies which form the basis for integrating environmental and social governance aspects, including the identification and prioritization of principal adverse impacts, into our activities. All decisions taken shall consider sustainability risks. The Board oversees a Risk Management Committee with a focus on the oversight of risk management issues, a Finance and Investment committee that is responsible for management and coordination of due diligence activities and ensuring that investments are undertaken in line with the investment policy, and an ESG Steering Committee.

In 2022, an ESG Steering Committee has been established by the Board of Managers with a view to advise the Finance and Investment Committee and the Executive Committee of the company on each of our managed investment funds and our ongoing commitment to environmental stewardship, health and safety, corporate social responsibility, and corporate governance to shape its ESG strategy.
The ESG Steering Committee is composed of at least six experts in ESG and sustainability. The purpose, scope and governance applications of the ESG Steering Committee are laid down in an ESG Steering Committee User Manual. The ESG Steering Committee is to assist in the implementation of the funds' investment objective and ESG strategy, including developing, selecting, managing, and monitoring the funds' investments and investment strategies.

More specifically, the Committee shall review and monitor the risks of and principal adverse impacts on ESG factors on each fund and its investors and provide insight and guidance with respect to Genesta's management of such risks and impacts. The Committee shall also review governance metrics, systems and procedures to monitor and track ESG risks and impacts.

The Committee shall meet at least quarterly and prior to any new investments to consider ESG Due Diligence and the Business Plan of the proposed new investment. During the final investment decision process for a new investment, the ESG Steering Committee shall review, discuss and give recommendations to the Investment Advisor and Finance and Investment Committee on ESG elements of the proposed new investment and the proposed asset business plan.

METHODOLOGY TO SELECT INDICATORS

We report on the mandatory indicators applicable to investments in real estate assets in Table 1 in Annex I Supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council. We also report on two additional climate and other environment-related indicators applicable to investments in real estate assets from Table 2 in Annex I supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council. We do not report on additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters in Table 3 in Annex I supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council as there are no indicators applicable to investments in real estate assets. The impact on the mandatory and additional indicators is reported on an entity level by collecting and aggregating impact data from the real estate investments in our portfolio.

The selection of additional climate and other environment-related indicators we report on is in line with the ESG aspects we have identified in our latest materiality assessment which was conducted in 2021 through surveys with our stakeholders, specifically employees and tenants. The identified material ESG aspects include GHG emissions and resource efficiency, including energy efficiency which relate to the two additional climate and other environment-related indicators we report on. During 2022, we validated our material ESG aspects through desk research and a prioritization with our internal management team. We specifically analyzed our material aspects from an investor perspective taking into consideration their specific requirements. These insights were also included in our new fund ESG policies.

SCOPE 2 GHG EMISSIONS:

Climate change is one of the most urgent global challenges and the built environment is responsible for a significant share of global energy consumption and greenhouse gas emissions. Therefore we, as an actor in the real estate industry, have an important role in the transition towards a low-carbon future. As of now, we only report the impact on scope 2 emissions from the real estate assets in the funds' portfolios. We also collect some data on scope 3 emissions (tenant grid electricity consumption) for several properties already and we are aiming to build data collection systems to support the collection and reporting of scope 1 and scope 3 emissions in the future.

ENERGY CONSUMPTION INTENSITY:

We collect data on the energy consumption intensity of our real estate investments through energy audits. Energy audits are part of our funds' active property renovation strategies to increase energy efficiency and are used to establish reduction plans for energy consumption which will be included in the real estate assets' business plans where feasible.

We are planning on establishing and improving data collection processes to report our impact on more of the additional climate and other environment-related indicators applicable to investments in real estate assets in future reporting periods.

METHODOLOGY TO IDENTIFY AND ASSESS PRINCIPAL ADVERSE IMPACTS

Improving energy efficiency, reducing the carbon emissions and the energy intensity of our real estate assets are all part of our long-term environmental goals outlined in our Responsible Investment Policy. These three principal adverse impacts as well as the exposure to fossil fuels through real estate assets are also assessed in our ESG Due Diligence.

In line with our Responsible Investment Policy, which has been approved by the Board of Directors and was published in May 2020, the principal adverse impacts we report on as well as other ESG characteristics, are monitored during the acquisition phase through due diligence processes, as well as in the development and ownership phase, where risks are mitigated and active monitoring of environmental performance key performance indicators ("KPIs") are ensured. Thus, the principal adverse impacts are assessed on an ongoing basis.

We include ESG aspects into the investment process from the early beginning and all prospective investments go through a comprehensive due diligence process including evaluation of technical and environmental performance in order to identify the key development areas and potential climate and ESG-related risks. Since the end of 2022, the due diligence process has included the identification and prioritization of principal adverse sustainability impacts and indicators. Before any decisions are made, a detailed business plan, which includes the development of the ESG performance, is prepared to assure ESG matters are incorporated into the property development plan before the acquisition of the property. Each of our funds will set its own ambition level in accordance with its stated objectives, Genesta's requirements and the investor's demands.

In 2022, we have been working on improving the identification, prioritization and reduction of principal adverse impacts on sustainability factors for new real estate investments through ESG Due Diligence. In 2023, an ESG pre-assessment guideline for new real estate investments will be introduced. For the early red flag assessment, the ESG manager will collect ESG information from the provided sales material or the Transaction Manager. From 2023, real estate investments involved in the extraction, storage, transport or manufacture of fossil fuels have been added as a red flag in the pre-assessment phase to avoid further investments in new real estate investments that are exposed that are or will be used for the extraction, storage, transport or manufacture of fossil fuels. Other data collected during the pre-assessment phase include the Primary Energy Demand of the building and the green-certification type to ensure EU Taxonomy alignment on the fund level.

After the due diligence process, a business plan is developed which incorporates commercial considerations, marketing, health and safety, sustainability, etc. for each of the new acquisitions. With a view to ESG, our ESG managers, i.e., senior personnel responsible for overseeing our ESG targets, develop the sustainability section of the business plan which is in line with the fund targets. The sustainability section of the business plan ensures that the assets are renovated and maintained in line with the environmental and social characteristics of the fund.

We use energy audits, incl. CRREM carbon pathways, feasibility studies for on-site renewables, and LCA calculations to establish what actions are necessary to achieve a reduction of greenhouse gas emissions and energy consumption intensity and to improve the energy efficiency of our real estate assets. Energy audits have been conducted for most assets and we will seek to conduct energy audits for more real estate assets during 2023.

The monitoring activities are conducted using internal and external control mechanisms. The internal control mechanisms include reports to Genesta and Genesta's ESG steering committee. Specifically, the ESG managers are responsible for reviewing the business plan and report progress to Genesta and Genesta's ESG steering committee once a year. The external control mechanisms include an independent assurance program provided by a third-party ESG specialist. Specifically, environmental and social KPIs are reported in the quarterly and annual sustainability reports and assured by the independent assurance program. In 2023, we will set up a system to track our ESG implementation efforts at the fund level.

When deciding whether to invest in a new real estate asset, we consider the probability of the occurrence and the severity of our principal adverse impacts, including their potentially irremediable character, during the pre-assessment and due diligence phases. ESG risks, including those related to our principal adverse impacts, are evaluated in these phases based on how the real estate asset currently performs on the ESG targets and how feasible it is that a given real estate asset meets the fund's ESG targets. A red flag is raised if there is a too large gap between the performance of the asset and the ESG targets and it has been assessed as too costly or technically challenging to reach the targets.

MARGIN OF ERROR WITH METHODOLOGY TO IDENTIFY AND ASSESS PRINCIPAL ADVERSE IMPACTS

Our ability to identify and assess our principal adverse impacts relies on data availability and quality. We rely on third parties, including tenants, to collect data on impacts. Information obtained from third parties is accepted at face value; we believe this information to be reliable but do not guarantee its accuracy.

Limitations to the methodology and data include:

- Effects on energy efficiency are, when available, calculated on metered or actual consumption. Where metered or actual data is not available, the data is based on the calculations from the theoretical model and information used in the obtained EPC reports.
- To use absolute data, data has to be made available by the previous owner or energy provider and/or by tenants
- Limited tenant data: tenant data might not be available as tenant's contracts and meters are handled separately

As stated above, the data is only partially available to date and, hence, will partially be estimated.

DATA SOURCES USED TO IDENTIFY AND ASSESS PRINCIPAL ADVERSE IMPACTS

The data sources used to assess our principal adverse impacts include, but are not limited to, the following:

- Energy bills;

- Meter readings (preferred automated readings; if not available, manual readings);
- On-site inspections; and
- Market and location-based emission factors

To ensure data quality, plausibility checks are run regularly within the quarterly data collection process. Plausibility checks are being performed for all data points, discrepancies are being discussed with the data owner and corrected. The data are collected by the property managers and processed by an external ESG consultant.

The data on impact for the indicators reported in 2022 has been partially estimated given that data collection systems are still in the process of being established at several real estate investments.

For information about how the relevant data has been obtained for each of our reported indicators, please refer to the "Explanation" column in tables "Indicators applicable to investments in real estate assets" and "Other indicators for principal adverse impacts on sustainability factors" above.

BEST EFFORTS USED TO OBTAIN INFORMATION RELATING TO ENERGY CONSUMPTION INTENSITY AND SCOPE 2 EMISSIONS

For the impacts related to the indicators "Scope 2 GHG emissions" and "Energy consumption intensity" the data for several real estate investments have been partially estimated by making reasonable assumptions for one or more quarters. Data gaps may have been caused by the following reasons:

- We did not own the real estate asset for the full year of 2022 and therefore data collection systems were not in place for the full year
- The real estate asset did not have any consumption of energy at the time, e.g., due to the real estate asset undergoing renovation or low tenant occupancy, etc.
- For the data gaps related to the indicator "Energy consumption intensity", estimations have been made by a third-party ESG specialist using the following methodology:
- For missing data on electricity consumption, it has been assumed that consumption of electricity is constant throughout the year.
- For missing data on energy used for heating, estimations are based on heating degree days in the region where the real estate asset is located or by using the calculations from the real estate asset's EPC

For data gaps related to the indicator "Scope 2 emissions", the third-party ESG specialist has relied on the estimated energy consumption and emission factors.

ENGAGEMENT POLICIES

As there is no exposure to listed companies, Genesta is not subject to the requirement of Article 3g of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies.

As we have full ownership of almost all the real estate assets in our portfolio, we have the ability to make decisions that can reduce the principal adverse impacts from the operation of the real estate assets and engage closely with our tenants on the consideration and reduction of their principal adverse impacts through their use of the real estate assets.

ENGAGING OUR EMPLOYEES

At Genesta, sustainability is implemented in our HR policy with the primary objective of developing and improving internal ESG culture among employees and with a consequent objective to improve sustainability among external stakeholders by our employees and reduce our principal adverse impacts.

The new employee orientation includes an introduction to our sustainability-related policies and ESG objectives and an introduction meeting with the ESG and H&S taskforce. Our sustainability-related policies, specifically our Responsible Investment Policy and ESG Due Diligence provide the basis for the consideration of our principal adverse impacts, and thus it is important to integrate these in the orientation of new employees in order to familiarize them with our processes for identifying and assessing our principal adverse impacts. In addition, employee performance and career review include ESG targets. Tying business sustainability objectives into employees' performance goals supports our vision to make a difference when it comes to sustainability and implement the behavioural change among our internal and external stakeholders to reduce our principal adverse impacts.

ENGAGEMENT OF OUR TENANTS, SUPPLIERS, AND SERVICE PROVIDERS

We aim for a behavioral change among our stakeholders, tenants, and business partners, with whom we actively engage with, promote ESG messages to and solicit feedback from. We recognize the need to improve our communication and interaction with tenants; we want to help them to act more sustainably.

We are aware of the importance to give feedback to tenants about their sustainability performance. Our target is to have automated energy metering in all new assets and tenant-by-tenant goals for electricity usage.

We include Green Leases in new tenant engagements according to local standards and other regulatory standards. Through the Green Leases, the lessor and lessee commit to co-operation and information sharing to carry out improvement such as energy efficiency measures and reporting, in order to enhance and monitor the environmental performance of the property and reduce principal adverse impacts.

The Green Lease addresses three out of four of the indicators for principal adverse impacts we report on:

- **Exposure to energy-inefficient real estate assets:** The lessor is entitled to decide on measures to improve the energy efficiency and environmental performance of the building. Cost implications to the rental levels will be discussed upon such an occasion.
- **GHG emissions:** The lessor favors renewable electricity for the portion that the lessor is responsible for. The les-

see favors renewable electricity for the portion that the lessee is responsible for and the lessee aims to reduce energy consumption in their own operations in order to reduce the greenhouse gas emissions of the premises.
- **Energy consumption intensity:** The lesser aims to reduce energy consumption by optimizing building performance. The lessee commits to support this goal by implementing energy saving practices to reduce consumption generated by building use. The lessor commits to educate the lessee on suitable measures.

ADAPTATION OF ENGAGEMENT POLICIES IN THE CASE OF NO REDUCTION ON PRINCIPAL ADVERSE IMPACTS

In the event that there is no reduction of the principal adverse impacts over more than one period reported, we will review our engagement policies with a view to improve and adapt these where needed.

REFERENCES TO INTERNATIONAL STANDARDS

INTERNATIONAL STANDARDS RELATED TO SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters are not included for investments in real estate assets in Annex I supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council. Nevertheless, Genesta adheres to responsible business conduct codes and internationally recognized standards for due diligence and reporting.

We commit to internationally agreed principles for Responsible Business Conduct, i.e. respect for internationally recognized human rights as enshrined in the International Bill of Human Rights (including labour rights as agreed under the auspices of the International Labour Organization); the natural environment (including the climate); and business integrity (anti-corruption, responsible tax practices, and fair competition).

In 2022, as part of our ongoing work to achieve alignment with the EU Taxonomy, we conducted a gap assessment on our compliance with the EU Taxonomy Minimum Safeguards which integrate international standards for responsible business conduct, including the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles – the globally agreed minimum standards for responsible business conduct. To assess the adherence of Genesta with these international standards, we assess the alignment of our policies and processes specifically against the UNGPs (Articles 11 to 24 and Article 31) and the Due Diligence procedures outlined in the OECD guidelines. We are addressing the identified gaps throughout 2023. This includes among others undertaking human rights due diligence in order to identify and manage adverse human rights impacts in our operations and value chain. As most salient human rights issues lie in our value chain, Genesta will pay special attention to the selection and engagement with business relationships. We will assess business relationships against the OECD Guidelines and the UNGPs, and where gaps are identified, we will work together to develop corrective action plans to address any non-compliance.
All our contracts with new business relationships will also include human rights clauses and the requirement to sign the Genesta Supplier Code of Conduct. Furthermore, Genesta will implement a new grievance mechanism in line with the UNGPs, through which all internal and external stakeholders can report any concerns or misconduct. For the most at-risk and vulnerable stakeholders, we are developing an additional grievance hotline that will be readily accessible on all of our sites and locations.

We signed the UN-supported Principles for Responsible Investment at the end of 2019 and we are committed to the six principles reflecting responsible investment practices.

We commit to supporting the UN Sustainable Development Goals (SDGs) and relevant SDGs have been aligned with our investment strategy and fund targets. Further, we are a signatory of the UN Global Compact and we are committed to its principles covering bribery and corruption, human rights, labour, and the environment.

We produce an annual sustainability report that is publicly available and in line with the Global Reporting Initiative (GRI) Standards and INREV Sustainability Reporting Recommendations.

Funds participate in GRESB reporting after being operational for one full year giving us a framework to holistically assess and steer the sustainability work of the funds while transparently communicating sustainability performance to the investors and other stakeholders.

INTERNATIONAL STANDARDS RELATED TO CLIMATE AND OTHER ENVIRONMENT-RELATED MATTERS

We align with the objectives of the Paris Climate Agreement and our long-term environmental goals are in line with the targets of the Paris Climate Agreement.

The indicators used to consider the principal adverse impacts on sustainability factors that measure the adherence or alignment to the international standards mentioned below include:
- Exposure to fossil fuels through real estate assets
- Exposure to energy-inefficient real estate assets
- Scope 2 GHG emissions generated by real estate assets
- Energy consumption intensity

In line with our commitment to the Paris Climate Agreement, we adhere to the following internationally recognized standards:

Carbon Risk Real Estate Monitor
At Genesta we are taking steps towards addressing climate change by utilizing Carbon Risk Real Estate Monitor (CRREM) on both property and fund level. The Carbon Risk Real Estate Monitor (CRREM) is a global standard that enables

the real estate industry to transition towards a more sustainable future. CRREM provides the real estate industry with transparent, science based decarbonization pathways aligned with the climate target under the Paris Agreement. It offers a comprehensive framework focused on carbon risk exposure and potential strategies to reduce this risk. It also includes the necessary elements to undertake scenario analysis.
The framework helps us forming a roadmap for reaching our climate targets and establishing a baseline. We are currently developing an internal model that will always consider CRREM information when evaluating assets for investment.

Science Based Targets initiatives (SBTi)
Our aim is to reduce emissions from our funds and contribute to achieving the targets set out in the Paris Agreement. During 2022 we committed to setting a long-term science-based emissions reduction targets with The Science Based Targets initiative (SBTi) method. The SBTi is a partnership between CDP, United Nations Global Compact, World Resources Institute and World Wide Fund for Nature defining and promoting best practices in emissions reductions and net-zero targets in line with climate science.

By adopting the methodology of SBTi we guarantee that our target is in line with the latest climate research and the Paris Agreement of limiting global warming. Our target is to reach net-zero emissions for our entire value chain by 2050, in line with SBTi Net-Zero Standards. We formulate our target across our portfolio based on the CRREM analysis and will present our target to SBTi for validation within 24 months.

Task Force on Climate-related Financial Disclosures (TCFD)
In 2022 we started reporting against the TCFD framework, providing internally recognized recommendations for reporting climate-related risks and opportunities

During 2022 we began to conduct a gap assessment against TCFD recommendations. The TCFD provides internationally recognized recommendations for reporting climate-related risks and opportunities. The assessment led to the identification of actions that would help us achieve further alignment, including an expansion of our ESG Committee with more internal stakeholders to support a broader focus going forward and setting of roles and responsibilities related to climate change.

During 2022, we also conducted a scenario analysis to evaluate the resilience of real estate assets. Climate related strategy and climate related risks and opportunities were assessed under two forward looking climate scenarios: Stated Policies Scenario (STEPS) which was introduced ty The International Energy Agency in 2019 and Net Zero Emissions by 2050 (NZE) Scenario which was released by the International Energy Agency in 2021. The analysis included the time periods of 2025, 2030 and 2050.

HISTORICAL COMPARISON

Since data for our principal adverse sustainability impacts is not available for 2021 this section is not applicable. A historical comparison of the period reported on with the preceding period will be included in 2024.

Date of review	Version no.	Description of amendment
June 2023	1.0	Original version of Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors.
October 2023	2.0	Updated to incorporate the latest guidelines and market practice on SFDR and to reflect recommendations from independent limited assurance concluded in September 2023, including updates to 2022 Impact values for Adverse sustainability indicators 17, 19 and 20.