

# Statement in relation to Article 8 of the SFDR: Transparency of the promotion of environmental or social characteristics in pre-contractual disclosure

Based on Article 8 of the SFDR, which states that Financial Market Participants publish in their pre-contractual disclosures information on the promotion of environmental or social characteristics, Altera Retail Custodian B.V. makes the following disclosures for her Altera Retail fund.

## Annex II: Template pre-contractual disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Product name: Altera Retail fund

Legal entity identifier: 724500MYS6DRUM14UQ59

### Environmental and/or social characteristics

#### Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

#### Did this financial product have a sustainable investment objective?

**Yes**

It will make a minimum of **sustainable investments with an environmental objective**: %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: %

**No**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 100% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

### What environmental and/or social characteristics are promoted by this financial product?

The product promotes environmental characteristics. Specifically, it promotes climate change mitigation by reducing energy consumption and carbon emissions. Altera takes several measures to reduce the energy consumption and the carbon emission of the property portfolio. Altera has established a Paris Proof Commitment, in which Altera aims to reach the Paris Proof target by 2040. Roadmaps have been developed and continuously rolled out. The projected ESG capex have been integrated into the budget forecasts and multi-annual maintenance plans and the organisation is in the process of implementing sustainability measures per asset. The greenhouse gas emissions of the portfolio are calculated on the basis of energy performance of common areas (Scope 1 and 2) and tenant usage (Scope 3). The calculation methodology is based on the most recent GRESB guidelines.

### What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The following sustainability indicators are used to measure the attainment of climate change mitigation in the Retail portfolio:

- Average kWh per m<sup>2</sup> (for assets with and without refrigeration)<sup>1</sup>
- % of Green energy labels (A-C)<sup>2</sup>
- % of A labels<sup>2</sup>
- Number of solar panels

### What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

A sustainable investment means an investment in an economic activity that contributes to an environmental or social objective. With our Retail fund, we invest in sustainable investments with a climate mitigation objective, by investing in energy efficient real estate and/or by taking measures to make existing investments more energy efficient.

### How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Our sustainable investments partially intends not to cause significant harm to climate adaptation, by having conducted a climate risk and vulnerability assessment and having developed an adaptation plan with physical and non-physical solutions ("adaptation solutions") which will be implemented over a period of 5 years.

In addition to that, a human rights policy and assessment has been carried out to comply with the minimum social safeguards requirements of the Taxonomy.

### How have the indicators for adverse impacts on sustainability factors been taken into account?

The real estate is not involved in the extraction, storage, transport or manufacture of fossil fuels and therefore complies with Table 1 of Annex I (sub 17). Next, to this Altera has set thresholds for indicator 18 of Table 1 of Annex I and the relevant adverse sustainability indicators from Table 2 of Annex I of the SFDR Delegated Regulation (EU) 2022/1288. Altera has identified which indicators are considered relevant to assess significant harm, and for which sufficient robust data or proxies are available. Altera needs to stay below these thresholds in order to cause no significant harm.

### How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

These guidelines and principles are not applicable because Altera invest only directly in real estate properties.

<sup>1</sup> Real energy consumption (instead of theoretical consumption which are displayed in the energy labels) and taking into account both building-specific and user consumption.

<sup>2</sup> Including A+ to A++++, This indication has been calculated based on the value of the investment. Individual units will be aggregated to average energy label at property level.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes  No

The fund considers principle adverse impacts by assessing every year the following principle adverse impact indicators:

- 1) Exposure to fossil fuels through real estate assets;
- 2) Exposure to energy-inefficient real estate assets;
- 3) GHG emissions; and
- 4) Energy consumption intensity.

Based on the outcomes of the data, we determine whether action need to be taken to become more energy efficient and decrease the carbon emissions. Furthermore, the principle adverse impacts are taken into account in order to determine that the sustainable investments in the portfolio do not significant harm any other environmental or social objectives.

### What investment strategy does this financial product follow?

The fund invests in retail real estate. The overall long-term goal for the fund is to have a near-energy-neutral portfolio (also called Paris-proof aligned) before the end of 2040. This means that the average energy efficiency of the portfolio is in line with our Paris Proof ambition. This ambition is aligned with the Dutch Green Building Council Paris Proof Program.

#### *Acquisitions*

All investment proposals contain an ESG section, which includes the relevant ESG information, such as the availability of technical measures and a climate risk assessment including transition and physical climate risks.

For new-built acquisitions strict sustainability-specific requirements are included in the Schedule of Requirements, which is being updated annually. Examples are the preference to purchase energy-efficient real estate corresponding to a 10% more stringent level of the BENG2 requirement and inclusion of energy efficient lighting, elevators and escalators. The purchase of existing buildings does not make use of a Schedule of Requirements.

An ESG section is included in the investment proposal, which includes:

- Comparison with medium-term target (percentage A labels) and Paris Proof target.
- If the asset does not comply with the set targets, additional measures will be budgeted to adapt.



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

### Asset Management

In order to ensure continuous alignment with the environmental characteristics in the portfolio Altera is implementing Paris-proof roadmaps to renovate the assets in order to ensure that they become aligned with the Paris Proof ambition. Per portfolio and per asset Roadmaps Paris Proof (decarbonisation pathways) have been developed to ensure each portfolio makes sufficient progress against the set target. Measures have been translated into multi-year maintenance planning (MY-MP), which is central part of the Asset Plans. Based on the Paris proof roadmaps, we have included the expected green capex into our capex forecasts for the coming 15 years.

### What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

All investments are aimed at reducing the energy consumption and the carbon emission of the property portfolio, this results in the following binding elements:

- 100% green energy labels (A-C) by EOY 2027
- >95%<sup>3</sup> A labels by EOY 2027
- <240 average kWh per m<sup>2</sup> for refrigerated retail assets by EOY 2027
- <139 average kWh per m<sup>2</sup> for non-refrigerated retail assets by EOY 2027
- >3,500 solar panels installed by EOY 2027

This energy labels will be calculated based on the value of the investment. Individual units will be aggregated to average energy label at property level.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

No minimum rate is pre-determined.

### What is the policy to assess good governance practices of the investee companies?

Not applicable, as the Retail fund only invests in direct real estate and not in real estate funds.

### What is the asset allocation planned for this financial product?

The fund investments 100% in retail real estate. All of the investments are aligned with the environmental and social characteristics promoted by the product. The product partly makes sustainable investments under the SFDR.

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable, since Altera does not make use of derivatives.

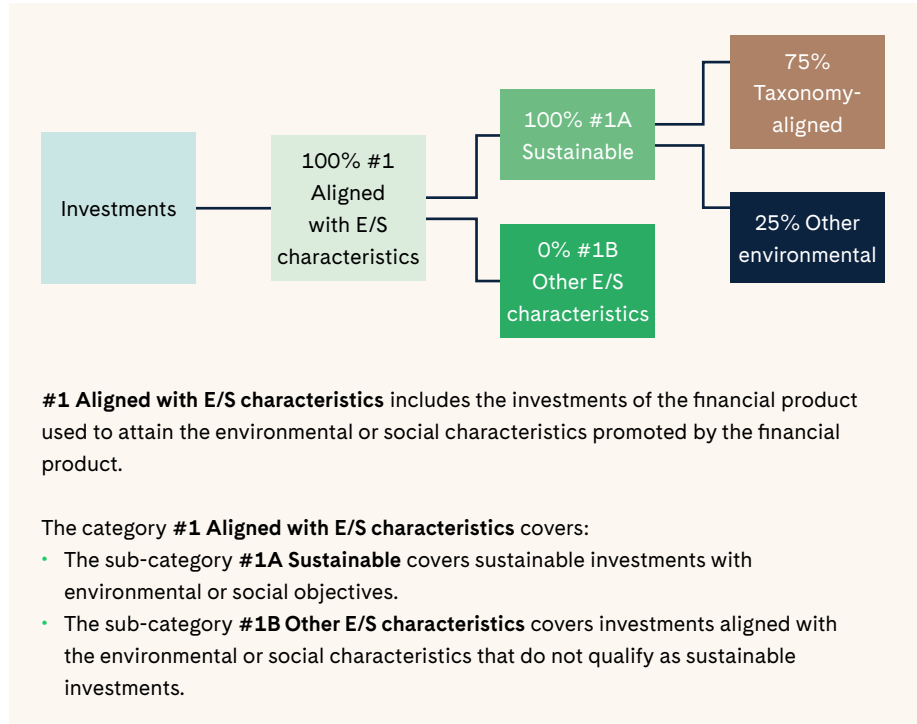


**Asset allocation** describes the share of investments in specific assets.

<sup>3</sup> Based on the energy labels per unit, not on asset level (as has been used in other SFDR expressions).

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Not applicable, since Altera does not make use of derivatives.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Based on our expected minimum extent of sustainable investments with an environmental objective aligned with the EU taxonomy, Altera strives towards a level of 75% taxonomy aligned. We are continuously implementing additional policies and procedures to increase the actual taxonomy-aligned percentage.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>4</sup>?

Yes:

In fossil gas       In nuclear energy

No

<sup>4</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*

2. Taxonomy-alignment of investments excluding sovereign bonds\*



- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no gas and nuclear)
- Non Taxonomy-aligned

This graph represents 100% of the total investments.

\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

What is the minimum share of investments in transitional and enabling activities?

The minimum share of investments of the Product in transitional activities is 0%. The minimum share of investments of the Product in enabling activities is 0%.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The minimum extent of sustainable investments with an environmental objective not aligned with the EU taxonomy is 25%.



What is the minimum share of socially sustainable investments?

The Product has no minimum share of socially sustainable investments, i.e. 0 % minimum target.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Not applicable, since no assets are included under “#2 Other”.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

For the non-listed real estate sector, no specific index is designated as a reference benchmark. Therefore, no specific index is designated as a reference benchmark to determine whether the product is aligned with the environmental and social characteristics promoted.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Not applicable.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable.

How does the designated index differ from a relevant broad market index?

Not applicable.

Where can the methodology used for the calculation of the designated index be found?

Not applicable.

### Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.altera.nl/over-altera/duurzaamheid/>