

## Statement on principal adverse impacts of investment decisions on sustainability factors

**Financial market participant** [*Northern Horizon Capital AIFM Oy*]

### Summary

Northern Horizon Capital AIFM Oy (“**AIFM**”) considers principal adverse impacts (“**PAI**”) of its investment decisions on sustainability factors from 1.1.2024 onwards. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the AIFM.

The AIFM will provide a full statement on PAI from the reference period 1.1.2024 – 31.12.204 by 30.6.2025 as required by the Sustainable Finance Disclosure regulation 2019/2088 (“**SFDR**”) delegated regulation 2022/1288.

The PAI indicators AIFM considers are exposure to fossil fuels, energy inefficient assets, greenhouse gas emissions, energy consumption intensity and waste management. The PAI indicators are included in the Responsible Investment (“**RI**”) policy of Northern Horizon Group and it applies to the AIFM. The latest RI policy is approved by the Northern Horizon Group board 12.11.2024, and by the AIFM management board on 12.11.2024 and updated annually. According to our RI policy, sustainability factors are considered as part of the due diligence process on targeted investments and the summary conclusion provided as part of the investment proposal. All PAI indicators are also included in Northern Horizon Group’s Investment policy that includes a template to assess them. Investment policy is approved on 12.11.2024 by the Northern Horizon Group board, and on 12.11.2024 by the AIFM management board and updated annually.

The PAI indicators have been selected based on materiality. The AIFM does not consider “Raw materials consumption for new construction and major renovations” due to the low amount of construction projects and lack of reliable data on the topic. The AIFM also does not consider “Land artificialisation” of its standing assets due to the fact that all its buildings are located in already planned areas. The AIFM will analyse the relevance of these indicators annually.

Engagement work to reduce the PAI are carried out by the Fund Managers and Asset Managers assisted by the Head of Sustainability. The Funds assets also have external property managers, who carry out tenant engagement activities in the properties.

The AIFM plans to collect the data on PAI indicators directly from the managed assets.

**Description of the principal adverse impacts on sustainability factors**

Adverse sustainability indicator		Metric	Impact [year 2024]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	This indicator is interpreted to include real estate that is used directly for the purposes of extraction, storage, transport, or manufacture of fossil fuels.	The AIFM monitors its real estate assets' exposure to fossil fuels. The exclusions of fossil fuel exposure are assigned at fund level. However, at the moment the AIFM does not manage any assets that would have fossil fuel exposures.
Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets		Assets are considered energy inefficient if assets have an energy certificate rating below B.	Energy efficiency of assets in the portfolio is one of the key aspects in achieving the operational net zero target of the managed Funds. Therefore, the AIFM's ESG due diligence includes

					assessment of buildings energy efficiency. The AIFM has a preference over energy efficient assets and in case lower energy rating assets are acquired, financial analysis is concluded to determine the possibilities to increase energy efficiency.
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions generated by real estate assets		The GHG emissions include operational emissions such as GHG emission from district heating, gas and fuels as well as electricity consumption. The GHG emissions are calculated applying market based methodology. However, the AIFM also conducts CRREM analysis to take into account location based	The AIFM has integrated a operational net zero target by 2030 to its managed Fund. To achieve the target, the Fund has set a subtarget to reach non-fossil electricity by 2030. The AIFM also utilizes CRREM tool to analyse carbon risk of its portfolio.
		Scope 2 GHG emissions generated by real estate assets			
		Scope 3 GHG emissions generated by real estate assets			
		Total GHG emissions generated by real estate assets			

				emissions of its managed assets.	
Energy consumption	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter		The energy consumption per sq. m takes into account the electricity consumption and the energy used in heating/cooling.	The AIFM monitors its real estate assets energy consumption intensity and compares its performance to the CRREM 1.5 pathways.
Waste	Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract		The assets' waste sorting and recycling contracts are analysed.	The AIFM ensures all its properties are covered by necessary waste recycling facilities and waste management contract.

**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

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The sustainability factors covered in connection with investment decisions include, but are not limited to:

- Assessment of energy performance – energy supply and access to renewable energy, sources of energy consumption data, energy ratings, building certification, emissions and other relevant topics

- Assessment of environmental aspects – building materials, contamination, water efficiency, water supply, waste management and other relevant topics
- Assessment of social aspects – building safety, indoor environmental quality, health and wellbeing, green clause provisions, tenant and landlord ESG collaboration, other relevant topics
- Risks associated with new construction and renovations – site selection, biodiversity, developer selection, waste management, building materials and other relevant topics
- Other topics – access to transport links, regulatory risks, review of climate change related transition, physical and social risks.

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The AIFM plans to collect the data on PAI indicators directly from the managed assets.

### **Engagement policies**

As the AIFM manages only real estate funds and is not investing into the listed companies, therefore, it does not have engagement policies in relation to the investee companies, as referred to in Article 3g of Directive 2007/36/EC of the European Parliament and of the Council.

Engagement work to reduce PAI are carried out by the Fund Managers and Asset Managers assisted by the Head of Sustainability. The Funds assets also have external property managers, who carry out tenant engagement activities in the properties.

### **References to international standards**

The RI policy includes Northern Horizon Group’s human rights considerations. Our human rights policy is based on the internationally recognized minimum standards of responsible business conduct as expressed in the United Nations Guiding Principles on Human Rights and Business (“UNGP”) and the OECD Guidelines for Multinational Enterprises (the “Minimum Safeguards”), which are also reflected in the UN Global Compact. Northern Horizon, its subsidiaries including the AIFM and employees are committed to respecting internationally recognized human rights.

The AIFM has analysed all its assets' alignment to CRREM which includes carbon pathways aligned with the Paris Agreement goals. The AIFM has also included a net zero operational in-use carbon target by 2030 of all its managed funds to support the goals of Paris Agreement.

**Historical comparison**

N/A.