

Statement on principal adverse impacts of investment decisions on sustainability factors

This statement is made in accordance to Article 4 of The Sustainable Finance Disclosure Regulation (“**SFDR**”) and describes the due diligence politic for Kinnerton Credit Management A/S (“**The Company** or **The AIFM**”) in terms of principal adverse impacts of investment decisions on sustainability factors.

The Company has an aim of pursuing Environmental, Social and Corporate Governance (ESG) guidelines, including aiming to make a difference in the transition to a sustainable economy. In this respect we also aim to adapt our business with UN’s 17 sustainable development goals.

We also believe that we have the duty to carefully assess the implications on the environment and society caused by any potential investment or other action we take. This assessment is an integral part of our due diligence and risk assessment. In our work principal adverse impacts of investment decisions on sustainability factors are therefore considered and in this respect we assess if our counterparties’ consideration of principal adverse impacts on sustainability factors are satisfying. In this assessment we screen the behavior of our counterparties to make sure they comply with regulations and conventions (as mentioned below – on environment, human rights etc.) to satisfactory and that there’s no breaking of norms. The assessment is made on data available. The assessment is ongoing meaning that if new or more solid data is obtained this will be considered.

We are cognizant that most economic activities can affect different sustainability factors both in a positive and negative way. Therefore, before lending to a property development, we identify adverse impacts on sustainability factors. As mentioned below, the company has identified examples of adverse impact that we among others examine before lending to a specific property development. We make a due diligence on the project before lending, where the impacts of all elements are examined. For example, whether building material comply with environmental regulations. As all new property projects are DGBN certified there’s also an assurance that the investments go to projects of high environmental and social quality as these main criteria are weighted as part of the certification.

The Company has identified examples of adverse impacts on sustainability factors:

- (i) Human rights – Violations of fundamental human rights.
- (ii) Labor rights – Violations of labor rights at the construction sites, such as child-labor or illegal labor.
- (iii) Environment – Construction work that causes damage to the environment such as water or earth.
- (iv) Climate – Construction processes must comply with the goals of the Paris-Agreement.
- (v) Corruption – Cooperation with counterparts violating national legislation on for example corruption.

Handling of the principal adverse impacts on sustainability factors

- (i) All newbuild properties – from now on and in the future - have an DGNB certification. The certification is regarded as a quality stamp for construction work and is regarded as a leading sustainability certification where the following 6 criteria are considered: Environmental quality, economic quality, sociocultural and functional quality, technical quality, process quality and site quality.
- (ii) Active ownership; Part of our active ownership is to make demands to our counterparties to comply with the national legislation and ESG regulations and to screen or monitor that these demands are met.

International standards

The Company's consideration of adverse impacts on sustainability factors are based on international conventions and we also demand that our counterparties consider relevant international conventions.