

Statement on principal adverse impacts of investment decisions on sustainability factors

31 December 2022

Financial market participant: Kinnerton Credit Management A/S

Referat (English below)

Erklæringen har til formål at overholde Disclosure-forordningen ("SFDR") og den Delegerede Forordning ((EU) 2022/1288) med hensyn til de vigtigste negative virkninger ("PAI" eller "PAI-erklæring") af investeringsbeslutninger om bæredygtighedsfaktorer for Kinnerton Credit Management A/S ("Kinnerton" eller "Selskab").

De indikatorer, der gælder for investeringer i ejendomsaktiver er:

- Nr. 17 Eksponering for fossile brændstoffer gennem ejendomsaktiver
- Nr. 18 Eksponering for energieffektive ejendomsaktiver
- Nr. 20 Affaldsproduktion i driften.

Selskabets "ESG-politik" og "AIFMD - Business Procedures and Portfolio Management AIFs" understøtter denne erklæring.

Denne erklæring dækker over referenceperioden fra 1. januar 2022 til 31. december 2022. Rapporteringen offentliggøres på årsbasis fra 2023 inden for første halvår og dækker rapporteringsperioden i det foregående år. Rapporteringen for denne erklæring (2022) vil finde sted senest den 30. juni 2023.

Summary (Danish above)

The statement aims to comply with the Sustainable Finance Disclosure Regulation ("SFDR") and the Delegated Regulation ((EU) 2022/1288) in terms of principal adverse impacts ("PAI" or "PAI Statement") of investment decisions on sustainability factors for Kinnerton Credit Management A/S ("Kinnerton" or "Company").

The indicators applicable to investments in real estate assets are:

- No 17 Exposure to fossil fuels through real estate assets
- No 18 Exposure to energy-inefficient real estate assets
- No 20 Waste production in operations.

The Company's "ESG-politik" og "AIFMD - Business Procedures and Portfolio Management AIFs" support this statement.

This initial statement covers the reference period from 1 January 2022 to 31 December 2022. The reporting will be published on an annual basis from 2023 within the first half-year and will cover the reporting period of the preceding year. The reporting of this statement (2022) will take place no later than 30 June 2023.

Indicators applicable to investments in investee companies					
Adverse sustainability indicator	Metric	Impact [year n]	Impact	Explanation	Actions taken, and actions

			[year n-1]	natio n	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	N/A	N/A	N/A	Not applicable given investment universe of our funds.
		Scope 2 GHG emissions	N/A	N/A	N/A	Not applicable given investment universe of our funds.
		Scope 3 GHG emissions	N/A	N/A	N/A	Not applicable given investment universe of our funds.
		Total GHG emissions	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	2. Carbon footprint	Carbon footprint	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	Not applicable given investment universe of our funds.
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	N/A	N/A	N/A	Not applicable given investment universe of our funds.	
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	N/A	N/A	N/A	Not applicable given investment universe of our funds.	
Biodiversity	7. Activities negatively affecting biodiversity-	Share of investments in investee companies with sites/operations located in or near to	N/A	N/A	N/A	Not applicable given investment universe of our funds.

	sensitive areas	biodiversity-sensitive areas where activities of those investee companies negatively affect those areas				
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	Not applicable given investment universe of our funds.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	Not applicable given investment universe of our funds.
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	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	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 without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	N/A	Not applicable given investment universe of our funds.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A	N/A	Not applicable given investment universe of our funds.

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	N/A	N/A	N/A	Not applicable given investment universe of our funds.
Indicators applicable to investments in sovereigns and supranationals						
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	Not applicable given investment universe of our funds.
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	N/A	N/A	N/A	Not applicable given investment universe of our funds.
Indicators applicable to investments in real estate assets						
Fossil fuels	17. 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	N/A	N/A	The Fund does not invest in new real estate assets that are exposed to fossil fuels.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets.	N/A	N/A	N/A	When investing, the Fund aims to only invest in buildings that qualify as energy efficient. As the Fund only invests in new buildings, these should have PED (Primary Energy Demand) below the NZEB (Nearly-Zero Energy Building) threshold or have the potential to be lifted to qualify as efficient through renovation.

Other indicators for principal adverse impacts on sustainability factors

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period.
Energy Consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	N/A	N/A	N/A	All of the real estate assets in the Fund are measured and monitored in relation to the environmental impact of their buildings and portfolios by identifying Energy Consumption Intensity.
Waste production in operations	20. 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.	N/A	N/A	N/A	All of the real estate assets in the Fund are equipped with facilities for waste sorting and covered by a waste recovery or recycling contract.

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

Kinnerton has the following internal policies and documents in place to identify and prioritise principal adverse impacts on sustainability factors:

- ESG policy (*Updated 24 January 2023, responsible person is Compliance Officer*)
- Investment policy (“AIFMD - Business procedures and portfolio management AIFs”) (*Approved 7 December 2022, responsible is the Investment Committee*).

In order to meet the ESG characteristics and to identify and prioritise PAIs on sustainability factors, Kinnerton does the following:

- When investing, Kinnerton tries to ensure that the assets are in line with best practice with regards to environmental, social, health and safety e.g. all new investments are made in new builds that have a DGNB gold certificate and which qualify as energy efficient according to the building code. In this process selected PAI indicators are considered and identified by available information e.g. information received from developers and DGNB auditors constructing or advising on the projects respectively. The optional indicator has been selected based on the severity of the potential negative impact and, in particular, the availability of data which can help measure the impact.
- Before an investment is made a due diligence review of the property and the project addressing sustainability, including selected PAI indicators, is performed and overseen by Kinnerton’s Investment Committee. The due diligence findings, e.g. findings related to PAI indicators, are reported and reviewed within the investment memoranda.
- During the process of each project, due diligence and checks are carried out on a continuous basis to make sure the project does not deviate from the ESG standards the investment decision was based on. In making the checks/due diligence Kinnerton is assisted by our developer and other trusted advisors. The checks/due diligence are always important parameters for the investment decision.

- ESG risks (such as noise, air, soil and water pollution, carbon footprint, climate changes) are always considered by Kinnerton.

In evaluating principal adverse impacts Kinnerton is, to a large extent, dependent upon information and data either from the market or from providers close to the projects (e.g. developers or DGNB advisers), which may be incomplete or unavailable. Therefore, the ability to consider and monitor the selected principal adverse impacts depends on the availability of correct corresponding information.

Kinnerton does not have an exclusion list but intends to refrain from collaborating with companies that produce or trade fossil fuel products or with counterparties that use illegal labour or use of child- and/or forced labour or other activities considered unacceptable.

Engagement policies

Kinnerton's engagement activities are described in the ESG policy. Kinnerton has engagement activities, such as partnering with local organisations and businesses to support economic development and job creation in the communities where the fund's properties are located. Kinnerton is engaging with stakeholders, including tenants, community members and local governments, to understand their needs and concerns and to identify opportunities for collaboration and impact. Kinnerton discloses information about the fund's social and environmental performance and impact to stakeholders.

International standards

The Company's consideration of adverse impacts on sustainability factors is based on international conventions, norms and best practice, and the Company expects that its counterparties consider relevant international conventions. This involves, for instance:

- UN Global Compact
- OECD Guidelines
- Principles for Responsible Investments (UN-PRI). The Company has been a signatory since 2021.

The Company aims to align ESG factors in investments with the above mentioned standards, principles and best practices, including internally developed frameworks.

The Company's compliance with international standards is not directly linked to individual PAI indicators. Therefore, there is no measurement of compliance with international standards based on individual PAI indicators, nor can methods or data for measuring the adherence or alignment with these standards be disclosed.

Kinnerton is working to establish a forward-looking climate scenario. Understanding the impact of climate changes will be an integral component of assessing the resilience of funds and their sustainability risks in the future.

Historical comparison

Kinnerton Credit Management A/S will include historical comparison from 2024.