

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant *Northern Horizon Capital AIFM Oy, LEI: 529900CJ7UOQ1M827L88*

Summary

Northern Horizon Capital AIFM Oy (“**AIFM**”) considers principal adverse impacts (“**PAI**”) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the AIFM. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024.

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 has collected 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	0	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. 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	37 %	Assets are considered energy inefficient if assets have an energy certificate rating below B or in case the asset is built after 31.12.2020 of which PED is below NZEB.	Energy efficiency is considered as part of any due diligence process on a targeted investment and a summary conclusion provided as part of the investment or divestment proposal in accordance with the RI Policy and Investment Policy. In the investment decisions, the AIFM

					<p>has preference over energy efficient assets and in case lower energy rating assets are acquired, the financial analysis in concluded to determine the possibilities to increase energy efficiency. As regards assets under construction, in accordance with the RI Policy investment restrictions, the AIFM only invests in energy efficient newly built assets.</p> <p>In addition to considering energy efficiency in the investment process, during 2024 the AIFM carried out projects to improve the energy rating of 17 of its managed assets.</p> <p>Annual asset level actions on improving</p>	
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					energy efficiency of the standing portfolios are designed in ESG task force together with Fund and Asset Management and the Head of Sustainability and targets for improvement are assigned on fund level.	
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions generated by real estate assets	0	The GHG emissions include only operational emissions of the real estate assets such as GHG emission from district heating, gas and fuels as well as electricity consumption. GHG emissions are assigned to scopes based on operational control. The GHG emissions are calculated applying market based methodology.	The AIFM has integrated a operational net zero target by 2030 to its managed Funds. To achieve the target, the Funds have set subtargets to reach non-fossil electricity by 2025 and non-fossil heating by 2030. The targets are monitored and reported on fund level annually. The AIFM also utilizes CRREM tool to analyse carbon risk of its portfolio.	
		Scope 2 GHG emissions generated by real estate assets	116 tCO ₂ e			
		Scope 3 GHG emissions generated by real estate assets	2 583 tCO ₂ e			
		Total GHG emissions generated by real estate assets	2 699 tCO ₂ e			

				<p>However, the AIFM also conducts CRREM analysis to take into account location based emissions of its managed assets.</p>	<p>GHG emissions of an asset are considered as part of any due diligence process on a targeted investment and a summary conclusion provided as part of the investment or divestment proposal in accordance with the RI Policy and Investment Policy. During 2024 the Fund has continued to acquire renewable electricity to limit its GHG emissions. Asset level actions included also tenant engagement to promote renewable energy and installation of solar panels.</p> <p>Annual asset level actions limiting GHG emissions of the standing portfolios are designed in ESG task force together</p>	
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					with Fund and Asset Management and the Head of Sustainability.	
Energy consumption	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	123 kwh/sqm/yr 0,000123 Gwh/sqm/yr	The energy consumption per sqm takes into account the electricity consumption and the energy used in heating/cooling.	<p>The AIFM monitors its real estate assets energy consumption intensity and compares its performance to the CRREM 1.5 pathways.</p> <p>Energy intensity is considered as part of any due diligence process on a targeted investment and a summary conclusion provided as part of the investment or divestment proposal in accordance with the RI Policy and Investment Policy. The managed funds may have specific limits on energy intensity considered as part of sustainable investment evaluation.</p>	

					<p>During 2024, energy saving has been a topic included in the sustainability guides distributed in each managed asset.</p> <p>Actions on reducing energy intensity are planned in ESG task force together with Fund and Asset Management and Head of Sustainability.</p>
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	0	The assets' waste sorting and recycling 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

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 RI policy of Northern Horizon Group that 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. The 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 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.

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.

The AIFM collects the data on PAI indicators directly from the managed assets. The GHG emissions were calculated applying market based methodology using supplier specific emission factors. Information on operational energy usage and GHG emissions has been assured by ISAE 3000 standards on limited assurance to ensure data quality.

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.

The AIFM’s approach to responsible asset management through use of green leases is described in the RI Policy principle 5.¹ According to the said policy, the AIFM will use best efforts to include green lease clauses in all new lease agreements and renewals of existing leases. Possible green lease clauses might include agreements of consumption data sharing, preference over renewable or non-fossil energy forms, landlord assistance in

¹ <https://www.nh-cap.com/wp-content/uploads/2024/11/Northern-Horizon-Group-Responsible-Investment-Policy.APPROVED.12.11.2024.pdf>

relation to refurbishment projects and other matters related to ESG coordination deemed material at time to time. Green lease percentages are monitored on fund level.

Engagement work to reduce PAI are carried out by the Fund Managers and Asset Managers assisted by the Head of Sustainability. The actions are discussed quarterly in ESG Task Force. 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. As 2024 was the first year the AIFM considered PAI, the first historical comparison is provided by 30.6.2026.