

APPROVED
 During the meeting of
 the management board of
 INDEXO AIFP SIA dated 22 February 2023

Sustainability Policy of SIA Provedi asset management AIFP

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1. TERMS USED

- 1.1. **AIF or the Fund** – alternative investment fund INDEXO REAL ESTATE FUND AS, registration number 40203443258, managed by the Company;
- 1.2. **Investment Decision-Making** – investing in real estate and investment management associated with management of the real estate;
- 1.3. **Sustainability Factors** – a factor shall be defined as a change of condition (immediate or permanent) in the environmental, social or governance [ESG] area, which has an economic impact on the value of financial assets;
- 1.4. **Sustainability Risk** – an environmental, social or governance [ESG] event which, upon occurrence, might cause actual or potential crucial adverse impact on the value of financial asset;
- 1.5. **BL** – the Bank of Latvia;
- 1.6. **Manager** – the Company which manages the Fund;
- 1.7. **Policy** – the present sustainability policy;
- 1.8. **Regulation** – Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector;
- 1.9. **Company or AIFM** – SIA Provendi asset management AIFP, registration number 40203438204.

2. OBJECTIVE OF THE POLICY

The objective of the Policy is to describe the general principles pursuant to which sustainability risks are assessed upon making decisions associated with investments by the Fund, as well as to establish fundamental principles and elements for the purpose to ensure compliance with the fundamental principles of sustainability factors in the course of management of the real estate portfolio.

3. INTEGRATION OF THE SUSTAINABILITY RISK

- 3.1. Upon making decisions on investments, the adverse impact on the sustainability factors is not taken into account as the decisive factor of the investment decisions.
- 3.2. The Company is of an opinion that in the course of time the sustainability factors may impact the value of the investments made by the Fund. The sustainable investment approach is rapidly developing, and the Company supports the opinion that, by integrating the sustainability factors in asset management, the return on investment increases or remains neutral upon a lower overall level of risk, which is also confirmed by academic research. Furthermore, by integrating the sustainability factors in management of the real estate portfolio, a contribution in a sustainable global development is made either.
- 3.3. Sustainability factors include aspects of preservation of environment, social development and healthy work conditions, respect of human rights, combat of corruption, as well as issues concerning anticorruption. Upon making decisions on the Fund's investments, the Company assesses risks and factors that may have effect on the value and performance of assets. Accordingly, also sustainability factors pertaining to the particular investment to be analysed and sustainability risks associated therewith which may have an actual or potential adverse impact on the value of the Fund.
- 3.4. The Company bases the investment process on a risk analysis taking into account financial and such operational factors as strategic and development potential of the real estate.
- 3.5. In order to establish significance of the impact on the sustainability factors, in the process of assessing investments the Manager obtains the information about sustainability of a real estate from external sources of data, as well as from the information obtained from the analysis performed on their own. The obtained data includes volumes of emissions and other environmental parameters, as well as an assessment of social and governance parameters.

4. IMPLEMENTATION OF THE POLICY

- 4.1. The sustainability risk integration policy is implemented by the Manager on behalf of the Fund.
- 4.2. The Company continuously follows the laws and regulations governing the sustainability risk assessment and improves internal processes for integration of the sustainability risk [assessment] in operation of the Fund.

5. MONITORING AND INVOLVEMENT

- 5.1. The real estate under management of the Fund is being pro-actively monitored. Energy and water consumption of buildings, satisfaction of tenants are monitored, as well as the Manager regularly attends real estate units. Readings of the water, power, gas and other consumables of the buildings are used to enable the Fund to plan its activities, as well as to inform tenants/lessees of the properties in order to reduce their impact on energy consumption of the property. As regards the waste, each property (wherever possible) has an option reserved to sort them. The purpose is to reduce the volume of waste and improve recycling.
- 5.2. The Fund has several stakeholders. The Manager collaborates with various stakeholders in order to understand their crucial sustainability risks, as well as to improve quality of the properties and support energy efficiency goals.
- 5.3. The Company considers the sustainability to be an integral component for creation of value and has undertaken to create sustainable areas. The said requires a systematic strategy for integration of sustainability factors in all stages of investment process and pro-active collaboration with the stakeholders.

6. FINAL PROVISIONS

- 6.1. The Policy shall come into effect on the date of approval thereof.
- 6.2. The Policy may be amended, supplemented or rescinded only upon a decision of the management board of the Company.
- 6.3. The Policy shall be assessed on annual basis and relevant revisions shall be made, if necessary.