



ARETE

Sustainability Report

ARETE INDUSTRIAL FUND

Q3 2024 | Arete Group

ARETE INDUSTRIAL FUND (AREIF) Overview



ARETE Real Estate seeks to drive attractive risk-adjusted returns and value to our stakeholders while building toward a more responsible future.

Investing in logistics and light industrial asset classes across the CEE region and Western Europe, ARETE Real Estate has a unique opportunity to create a more sustainable place to live and work for local communities.

REAL ESTATE'S APPROACH TO ESG

- Sustainability initiatives improve our risk management policy, reduce future transition costs and lead to improved investment outcomes, and more successful engagement with tenants, borrowers, and operating partners.
- Collecting ESG data allows us to rationally strengthen our business model with non-financial indicators and to transparently disclose material insights to all stakeholders and the public.
- We systematically promote environmental and/ or social characteristics on all our assets.

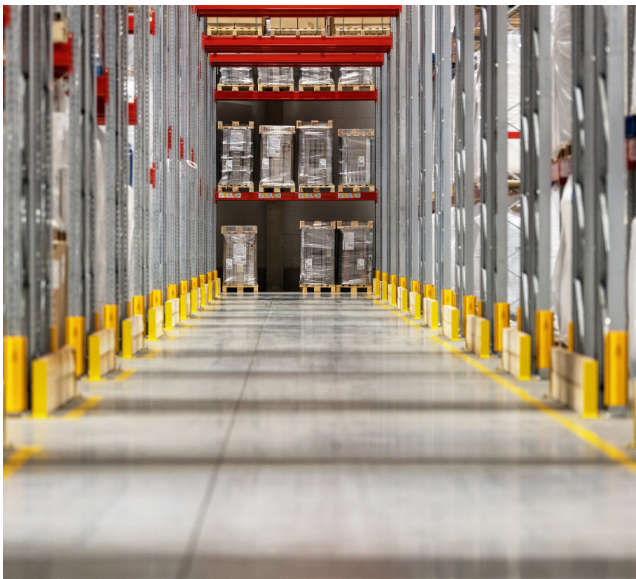
Q3 2024 HIGHLIGHTS

100% of key suppliers are compliant with UNGC

92% of assets assessed with CRREM (SDA 1.5C)

90% of assets BREEAM Very Good+ level

1.46 MWp from PVs supplied to the tenants



Helping Enhance the Lifecycle of Our Assets During Our Hold Period



We track **31 indicators** across our real estate asset portfolio to assess our impact in a balanced and science-based manner.

GOVERNANCE

- A **Code of Ethics, Good Governance and Management Policy, and Whistleblowing Policy** are enforced to attract global talent and maintain a cordial workplace.
- ESG officer position created.
- Goal for adjusted gender pay gap set.
- Annual disclosure as Article 8 under EU SFDR

SOCIAL

- **100% of tenants** contracted for 5+ years and **100% leasable area rented**.
- The construction of relaxation areas and outdoor and/or indoor sports areas supports tenants' well-being.
- Controversial weapons, tobacco, and companies violating UNGC principles or OECD guidelines are avoided.
- 4 charity or volunteering events supported.

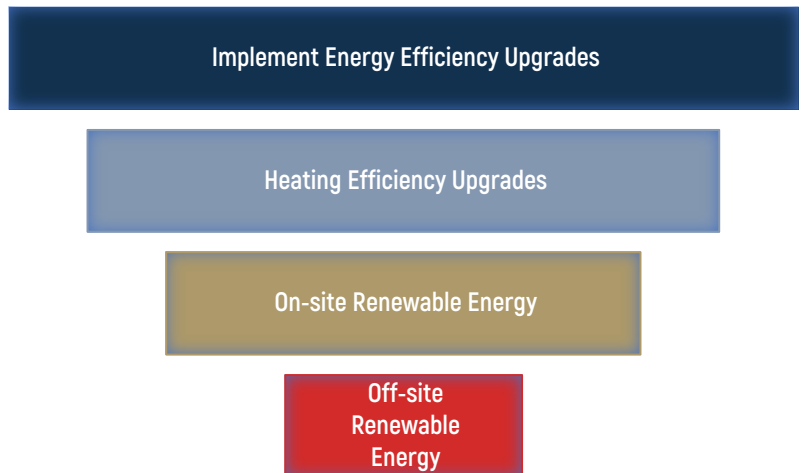
ENVIRONMENTAL

- 500+ trees planted in addition to 148,983 m² of area vegetated.
- 36.2 t CO2 emissions of scope 1 2023 emissions offset via certified partners.
- Natural habitats protected and at least 1 new constructed on all buildings we built, including wetlands and individual habitats for birds, amphibians, insects and lizards.
- EU EPC used to lay out a decarbonization pathway based on an SDA convergence approach.

DECARBONIZATION ASSESSMENT ACROSS THE REAL ESTATE PORTFOLIO

Going forward, where appropriate, we plan to conduct assessments on acquisitions, incorporate findings into investment decision-making processes, and assess energy efficiency measures, to help reduce expenses, mitigate risk, and create practical capital expenditure plans.

SAMPLE DECARBONIZATION HIERARCHY



SHORT-TERM FUTURE INITIATIVES



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