

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Hartelt Fund Management B.V.

LEI: 724500GELKX5JLQ9XT88

Summary

Hartelt Fund Management B.V. (“Hartelt”), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Hartelt.

This statement on principal adverse impacts on sustainability factors covers the reference period from **1 January 2022 to 31 December 2022**.

Hartelt invests directly in real estate assets, not in investee companies. Therefore, it only considers indicators for principal adverse impact on sustainability factors that are explicitly applicable to investments in real estate assets, being exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets. Next to the mandatory indicators from table I of Delegated regulation 2022/1288 (**‘SFDR RTS’**), Hartelt also monitors the following indicators from table II of the SFDR RTS:

- 18. GHG emissions
- 19. Energy consumption intensity

Below you find a summary of the outcome of the principal adverse impact assessment.

Hartelt has – through the investment funds it manages – invested in real estate properties. A small percentage of these properties is currently considered to be energy inefficient. We were already aware of this and we previously started an extensive renovation plan for this property. The energy use of the tenants of the properties is a major source of GHG emissions. We identify the size and scope of these emissions and draw up a plan to lower the emissions in order to reach a state of net-zero by no later than 2050.

Description of the principal adverse impacts on sustainability factors

| Indicators applicable to investments in investee companies | | | | | | |
|--|---|---|-------------------|-------------|--|--|
| 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 | |
| CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS | | | | | | |
| Greenhouse gas emissions | 1. GHG emissions | Scope 1 GHG emissions | n/a | n/a | | |
| | | Scope 2 GHG emissions | n/a | n/a | | |
| | | Scope 3 GHG emissions | n/a | n/a | | |
| | | Total GHG emissions | n/a | n/a | | |
| | 2. Carbon footprint | Carbon footprint | n/a | n/a | | |
| | 3. GHG intensity of investee companies | GHG intensity of investee companies | n/a | n/a | | |
| | 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 | | |
| | 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, | n/a | n/a | | |

| | | | | | | |
|---|--|--|-----|-----|--|--|
| | | expressed as a percentage of total energy sources | | | | |
| | 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 | | |
| Biodiversity | 7. Activities negatively affecting biodiversity-sensitive areas | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas | n/a | n/a | | |
| 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 | | |
| 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 | | |
| 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 | 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 | | |

| | | | | | | |
|--|---|--|-----|-----|--|--|
| | for Multinational Enterprises | | | | | |
| | 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 | | |
| | 12. Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies | n/a | n/a | | |
| | 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 | | |
| | 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 | | |
| Indicators applicable to investments in sovereigns and supranationals | | | | | | |

| 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 |
|---|---|--|-----------------|-------------------|---|---|
| Environmental | 15. GHG intensity | GHG intensity of investee countries | n/a | n/a | | |
| 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 | | |
| Indicators applicable to investments in real estate assets | | | | | | |
| Adverse sustainability indicator | | Metric | Impact 2022 | Impact [year n-1] | Explanation | Actions taken, and actions planned and targets set for the next reference period |
| 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 | 0% | n/a | Hartelt does not invest in such real estate assets. | Not applicable |
| Energy efficiency | 18. Exposure to energy-inefficient real estate assets | Share of investments in energy-inefficient real estate assets | 12.7% | n/a | Hartelt has invested in only one property with a C label that is required to abide by EPC and NZEB rules. | Hartelt has an extensive renovation plan for this particular property which is expected to be realised in 2023. |

Other indicators for principal adverse impacts on sustainability factors

| Adverse sustainability indicator | | Metric | Impact 2022 | Impact [year n-1] | Explanation | Actions taken, and actions planned and targets set for the next reference period |
|----------------------------------|-------------------|---|-----------------|-------------------|---|--|
| Greenhouse gas emissions | 18. GHG emissions | Scope 1 GHG emissions generated by real estate assets | 473.12 tonnes | n/a | Scope 1 emissions relate to combustion in onsite, owned, or controlled boilers, and furnaces (e.g. natural gas burned onsite). | Hartelts is in the process of drafting road maps for each individual property that still uses natural gas for heating to become gasless in the future. |
| | | Scope 2 GHG emissions generated by real estate assets | 1,455.71 tonnes | n/a | Scope 2 emissions relate to purchased electricity, heat, steam or cooling (e.g. electricity consumed onsite but generated offsite). | Hartelt is in the process of investigating together with the tenants possible additional energy saving measures. |
| | | Scope 3 GHG emissions generated by real estate assets | 30.36 tonnes | n/a | Scope 3 emissions relate to triple-net lease contracts | Hartelt is in the process of investigating together with the tenants possible additional energy saving measures. |
| | | Total GHG emissions generated by real estate assets | 1,959.19 | n/a | Total of Scope 1, 2 and 3. | |

| | | | | | | |
|----------------------|---|--|-------|-----|--|---|
| Energy consumption | 19. Energy consumption intensity ¹ | Energy consumption on kWh of owned real estate assets per square meter. | 117.1 | n/a | Hartelt uses the more common measure of kWh/m ² /year (instead of GWh). | Hartelt is in the process of (1) drafting road maps for each individual property that still uses natural gas for heating to become gasless in the future and (2) of investigating together with the tenants possible additional energy saving measures. |
| Waste | 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 | | |
| Resource consumption | 21. Raw aw materials consumption for new construction and major renovations | Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations | n/a | n/a | | |
| Biodiversity | 22. Land artificialisation | Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets | n/a | n/a | | |

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

¹ 'energy consumption intensity' means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company

As part of our investment policy, we make an assessment of the adverse sustainability impacts caused by every real estate property we intend to acquire. To do this, we will test each contemplated investment extensively using the GPR-assessment. The GPR-assessment covers five themes: Energy, Environment, Health, User Quality And Future Value. The minimum GPR-score for a property to be eligible for investment is 7.5 for new building projects and 7.0 for existing real estate. The requirement to assess each property according to the GPR-method is part of the Investment Strategy which is part of Investment Memorandum. The Investment Memorandum was last reviewed on 31 December 2022. The board of directors of Hartelt is responsible for the implementation of the policy and the annual review thereof.

Methodologies:

The external Property Manager collects energy use data from the tenants of the real estate properties. This energy use data is used to calculate the GHG emissions, using location-based emissions factors.

The data sources:

- Exposure to energy-inefficient real estate assets:
 - The valuations of the properties are provided by the external appraiser.
 - The EPC-labels are provided by external parties that are licensed to calculate EBC-labels.
- GHG emissions
 - The GHG emissions are calculated using location-based emissions factors by our external ESG consultant based on the energy use data.
 - The energy use data is collected directly from the tenants of the properties.
- Energy consumption intensity
 - The energy use data is collected directly from the tenants of the properties.
 - The floor surface areas of the individual properties are derived from the certified (NEN 2580) measurement reports.

Engagement policies

Hartelt has an Impact Framework in which we describe, amongst other, how we strive to make an impact with our Apollo funds. The mission of the Apollo Healthcare Property Funds is to initiate and manage long-term partnerships with institutional investors and healthcare providers to meet the growing and changing demand for affordable, sustainable care housing and facilities. We strive for a high level of engagement with all of our stakeholders, notably investors, tenants, neighbours, regulatory bodies and employees. Periodic engagement scans are conducted.

References to international standards

Hartelt has been a member of the Global Real Estate Sustainability Benchmark (GRESB) since July 2016.

Historical comparison

As this is the first disclosure year, this is not applicable.