

Nrep PAI Statement June, 2024 covering FY 2023 – Sustainable Finance Disclosure Regulation

NREP AB (company no. 556706-4885) and Urban Partners Management Company S.A. (CSSF code A509) as the AIFM's, hereafter referred to as 'Nrep'.

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant *NREP AB, LEI : 529900UE7SH3013VJ109 and Urban Partners Management Company S.A. (CSSF Code: A509)*

Summary

Urban Partners (*NREP AB, LEI : 529900UE7SH3013VJ109 and Urban Partners Management Company S.A. (CSSF Code: A509)*) considers principal adverse impacts of its investment decisions on sustainability factors in the course of assessing sustainability risks and their impacts on the value of investments. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the funds under management by Urban Partners.

This statement on principal adverse impacts on sustainability factors covers the reference period from January 1st, 2023 to December 31st, 2023.

Nrep's Delivery Model, 2150 Impact Principles, Velos green framework, and ESG policies highlight the measures, safeguards, and considerations integrated by the Company to ensure that its operations and investment management align with its mission: to help cities win the battles for our future. Through integrating ESG into its investment lifecycle across its investment strategies, Urban Partners seeks to substantially increase long-term value creation and decrease risks.

The follow sections covers investments in investee companies and investments in real estate. Investments in investee companies cover investments in real estate portfolio company in Nrep and company investments in 2150. Investments in real estate cover investments into real estate in Nrep and loans to real estate projects in Velo. In cases where data is insufficient or of low quality for a specific investment, that investment is excluded from the calculation basis of the relevant indicator. This exclusion is represented and reported through the coverage ratio for that indicator. For real estate activities, only standing assets are considered. Any development assets are thus excluded.

Description of the principal adverse impacts on sustainability factors
Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact (2023)	Impact (2022)	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	2,870.0	985.8	Data coverage on eligible assets: 100% Emissions are calculated by investee companies and consolidated by Urban Partners. Figures consist of reported and modelled data. The increase in reported emissions is driven by an increase in assets under management, and investments into emissions intensive sectors (real estate portfolio companies) in H2 2023. Nrep invested into two real estate portfolio companies, whereas 2150 invested in three companies in 2023.	Throughout 2023, Urban Partners has worked to establish a complete GHG inventory aligned with the GHG protocol, PCAF and SBTi methodology across all managed funds. In 2024, Urban Partners has participated in the pilot phase of SBTi Buildings Sector Guidance, to support the finalization of industry-wide standards of GHG reduction targets. Once the final guidance is complete, Urban Partners is determined to fulfil our commitment to SBTi and submit targets for validation. Nrep is working with portfolio companies to increase emissions data quality through use of life cycle assessments and better utility data capture. Nrep is supporting portfolio companies in the decarbonisation journey through sparring on solutions and execution while supporting them in setting ambitious science-based reduction targets. Similarly, 2150 is working with its
		Scope 2 GHG emissions	3,301.3	1,826.9		
		Scope 3 GHG emissions	86,122.3	28,120.5		
		Total GHG emissions	92,293.6	30,933.2		
	2. Carbon footprint	Carbon footprint	26.5	23.8		
3. GHG intensity of investee companies	GHG intensity of investee companies	2.441.4	577.0			

						portfolio companies to support emission tracking, reduction, avoidance and removal.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	Data coverage on eligible assets: 100% Urban Partners is not aware of any investments which are involved in extraction, storage, transport or manufacture of fossil fuels. However, Urban Partners throughout 2023 invested in real estate portfolio companies within the logistics segment and does not have control of good/services passing through in such properties.	
	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	29%	78%	Data coverage on eligible assets: 100% Energy consumption is reported by investee companies and consolidated by Urban Partners. Figures consist of reported and modelled data. For real estate portfolio companies, only standing assets have been included. The change in share of non-renewable energy consumption is primarily driven by investments into energy intensive investments (real estate portfolio	

						companies) in H2 2023 with low share of non-renewable energy consumed. Nrep invested into two real estate portfolio companies, whereas 2150 invested in three companies in 2023.	
	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	Manufacturing	1.3	0.0	Data coverage on eligible assets: 100% Energy consumption is reported by investee companies and consolidated by Urban Partners. Figures consist of reported and modelled data. For real estate assets, only standing assets have been included.	Urban Partners has invested in technologies to improve energy efficiency within the built environment, and are working with real estate portfolio companies to improve the energy efficiency of their assets.
Construction			1.2	2.3			
Transportation			0.5	0.0			
Real estate			0.3	0.0			
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		0%	0%	Data coverage on eligible assets: 29% Urban Partners made two large investments in H2 2023 from which we have not been able to collect complete dataset for. Urban Partners	

					work on increasing data coverage for 2024 reporting.	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0%	0%	Data coverage on eligible assets: 29% Urban Partners made two large investments in H2 2023 from which we have not been able to collect complete dataset for. Urban Partners work on increasing data coverage for 2024 reporting.	
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	4.5	0.0	Data coverage on eligible assets: 29% Urban Partners made two large investments in H2 2023 from which we have not been able to collect complete dataset for. Urban Partners work on increasing data coverage for 2024 reporting. The increase in hazardous and radioactive waste is due to an investment during 2022 in a global nature intelligence technology company. The company experienced significant growth in business activities, leading to increased clinical waste. All waste is managed through authorized processes.	

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	0%	0%	Data coverage on eligible assets: 100%	
	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	0%	0%	Data coverage on eligible assets: 100%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13%	13%	Data coverage on eligible assets: 29%	In 2023, Urban Partners have committed to ILPA, an initiative for limited partners

					Urban Partners made two large investments in H2 2023 from which we have not been able to collect complete dataset for. Urban Partners work on increasing data coverage for 2024 reporting.	who share a commitment to advancing diversity, equity and inclusion in the private equity industry.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	3%	12%	Data coverage on eligible assets: 100%	
	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	0%	0%	Data coverage on eligible assets: 29% Urban Partners is not aware of any investments which are exposed to controversial weapons.	
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator	Metric	Impact (2023)	Impact (2022)	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Fossil fuels	15. 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%	0%	Data coverage on eligible assets: 100% Urban Partners is not aware of any investments which are involved in extraction, storage, transport or manufacture of fossil fuels. However, Urban Partners has since inception been active	

					within the logistics segment and does not have control of good/services passing through in such properties.	
Energy efficiency	16. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	48%	44%	Data coverage on eligible assets: 92% Figures consist of reported and modelled data. Only standing assets have been included.	Urban Partners are investing in energy efficient and inefficient assets. Urban Partners are continuously working to transform energy inefficient to energy efficient assets during the ownership period.

Other indicators for principal adverse impacts on sustainability factors

[Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (a) in the format in Table 2]

[Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (b), in the format in Table 3]

[Information on any other adverse impacts on sustainability factors used to identify and assess additional principal adverse impacts on a sustainability factor referred to in Article 6(1), point (c), in the format in Table 2 or Table 3]

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

Urban Partners is working with sustainability in every investment strategy. For investments in real estate (Nrep), the Delivery Model is diligently applied throughout the lifecycle of the investments:

1. Investment phase: Sustainable Due Diligence (SDD) - Our SDD framework guides the mandatory sustainability analysis for investment cases, which are presented to the Investment Committee. It includes a detailed assessment of ESG risks and value creation opportunities, including e.g. decarbonisation and transition risks, physical climate risks, energy efficiency, ecosystem and biodiversity, health and community, data and governance and human rights.
2. Development phase: Sustainable Development Performance Standards (SDPS) - In line with the SDPS, all new construction in Nrep must be aligned with the leading holistic sustainability certification schemes, LEED Gold, BREEAM Very Good or DGNB Gold at minimum. In addition, we have introduced mandatory design stage life cycle assessment (LCA) for our new builds and retrofits, focusing both on construction and operation to achieve GHG reductions throughout the whole life of buildings. Nrep explores various levers to bring down

embodied emissions at an early stage, such as optimising building design, i.e. maximising space utilisation, using low carbon, biogenic building materials, and focusing on design for disassembly and reuse of materials.

3. Asset management phase: Sustainable Action Plan for Standing Assets (SAPSA) - The requirements to Nrep's standing assets arise from Nrep's decarbonisation strategy along with our approach to meet ESG reporting standards which are essential from regulatory and strategic perspectives. All standing assets must have a decarbonisation roadmap (using the Nrep Climate Action Template). Our in-house portfolio and asset management teams are committed to following the action plan outlined in the decarbonisation roadmap to achieve our operational carbon targets, including energy efficiency.
4. Exit phase: Sustainability outcomes (e.g. Taxonomy alignment, certifications and EPC) are assessed at exit, to ensure maximum value creation from ESG performance.

Additionally, Nrep has developed the Climate Action Template (CAT); an internally developed assessment tool designed to evaluate the sustainability performance of Nrep's assets. Its primary function is to benchmark these assets against Nrep's ESG targets using the data available about the asset's energy characteristics. The CAT provides a comprehensive analysis of the asset's current performance, allowing users to plan and implement measures for improvement. Moreover, it offers insights into energy and emission performance in relation to our targets. The CAT is an instrumental resource that promotes informed decision making and supports our commitment to decarbonisation and sustainability

2150, Urban Partners venture capital strategy, invests in technology companies that seek to sustainably reimagine and reshape the urban environment. 2150 works with a set of Impact Principles, using a common approach to assess, measure and report the impacts and sustainability performance of our investments and portfolio. The Impact Principles builds on the following levers:

1. Primary:
 - Climate Action: Materially reduce or remove urban GHG emissions while preventing carbon lock-in, and supporting adaptation of systems to climate change
 - Resource Responsibility: Reduce resource waste, support a circular economy and promote sustainable water use and protection
 - Environmental Protection: Reduce and remove urban pollution, and protect and enhance biodiversity
2. Co-Benefits
 - Social Resilience & Balance: Enable healthy, safe, liveable cities with healthy socio-economic balance, and increase access to economic opportunities
 - Profit & Purpose: Deliver exponential impact and productivity outcomes as co-benefits beyond immediate impacts of operations
3. Fundamentals
 - Good Governance: Companies that follow basic good governance principles, including adherence to minimum safeguards

Similarly, Velo, Urban Partners credit strategy, integrates ESG metrics into its entire investment lifecycle for its green fund, VMC. In the due diligence phase, potential investments are screened for reliable and up-to-date information on ESG performance and practices. The expected sustainability performance of target projects is carefully assessed to ensure investments align with defined sustainability objectives, as outlined in Velo's green framework:

1. Sourcing of opportunities: Sustainability focus
 - Focus on assets and borrowers aligned with Velo Capital's sustainability targets; 1. Certified new developments & existing new builds, and 2. Transitioning projects, aiming to improve their environmental performance
2. Loan structuring: Impact-linked value creation
 - ESG targets anchored in loan agreement
 - In-house monitoring of ESG KPIs during loan term
 - ESG support to borrowers as needed and based on Urban Partners' experience and know-how

3. Exit: ESG action plan for new financing
 - Impact measurement and management
 - ESG outcomes assessed at exit, and documentation handed over to next lender
 - Each asset prepared for bank financing via ESG transparency (e.g. Certifications and EPC levels)

Engagement policies

Urban Partners does not have a formal engagement policy. However, Urban Partners takes a collaborative approach with its investees and tenants to jointly agree on measures to improve the ESG profile of relevant assets.

All assets are continuously monitored on their ESG performance by asset managers in collaboration with its sustainability team to uphold and increase the value of its assets.

Urban Partners are continuously working on improving the performance of our assets.

References to international standards

Urban Partners builds its sustainability strategy around leading ESG frameworks from group to asset / investment level. Alignment with third-party validated frameworks ensures that Urban Partners deploys best practice and works transparently towards industry recognised, shared objectives:

1. Urban Partners Group:
 - UN Sustainable Development Goals, Science Based Targets initiative (SBTi), PRI, EU CSRD, GHG Protocol
2. Investment Strategies (Nrep, 2150, Velo Capital)
 - INREV, Diversity VC, World Green Building Councils
3. Funds
 - Partnership for Carbon Accounting Financials (PCAF), GRESB
4. Assets/Investments
 - Carbon Risk Real Estate Monitor (CRREM), SBTi, EU Taxonomy, LCA, DGNB, BREEAM, LEED

The full list of partnerships and frameworks is disclosed in Urban Partners Impact report for 2023.

Historical comparison

2022 figures has been recalculated due to better data coverage.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric				
Indicators applicable to investments in investee companies						
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			Impact (2023)	Impact (2022)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average				
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average				
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average				
	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	0%	N/A	Data coverage on eligible assets: 71% No data available for 2022.	

Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source	Gas	2%	N/A	Data coverage on eligible assets: 71% No data available for 2022.	
			Oil	0%	N/A		
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies 2. Weighted average percentage of water recycled and reused by investee companies					
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies					
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy					
	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006					

	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing				
	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies				
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies				
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average				
	14. Natural species and protected areas	1.Share of investments in investee companies whose operations affect threatened species 2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas				

	15. Deforestation	Share of investments in companies without a policy to address deforestation				
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds				
Indicators applicable to investments in real estate assets						
Greenhouse gas emissions	17. GHG emissions	Scope 1 GHG emissions generated by real estate assets	2,296.4	3,549.1	Data coverage on eligible assets: 92% Figures consist of both reported and modelled data.	Throughout 2023, Urban Partners has worked to establish a complete GHG inventory aligned with the GHG protocol, PCAF and SBTi methodology across all managed funds. In 2024, Urban Partners has participated in the pilot phase of SBTi Buildings Sector Guidance, to support the finalization of
		Scope 2 GHG emissions generated by real estate assets	18,921.9	18,686.3		
		Scope 3 GHG emissions generated by real estate assets	294,080.5	184,456.9		
		Total GHG emissions generated by real estate assets	315,298.9	206,692.3		

						industry-wide standards of GHG reduction targets. Once the final guidance is complete, Urban Partners is determined to fulfil our commitment to SBTi and submit targets for validation.
Energy consumption	18. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0.0	0.0	Data coverage on eligible assets: 92% Figures consist of reported and modelled data. Only standing assets have been included.	Urban Partners are investing in energy efficient and inefficient assets. Urban Partners are continuously working to transform energy inefficient to energy efficient assets during the ownership period.
Waste	19. 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				
Resource consumption	20. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and bio sourced) compared to the total weight of building materials used in new construction and major renovations				
Biodiversity	21. 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				

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS		
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)
	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average

	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts
	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption

	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies