



Stockholm June 2023

Areim AB

SFDR Principal Adverse Impact Indicators



Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Areim AB's ("Areim")

Summary

Areim AB is an independent property owner and fund manager with real estate assets across the Nordic region within the light industrial, residential, office, retail, and data centre segments. Since the start in 2003, Areim has invested in underdeveloped real estate where lasting value can be added during our ownership. Areim considers the principal adverse impacts of investment decisions on sustainability factors as part of its investment analysis due diligence process, taking due account of Areim's size, the nature and scale of its activities and the types of financial products Areim makes available, by identifying, assessing, measuring and monitoring the principle adverse impacts in accordance with the transaction due diligence process. Any principal adverse sustainability impact identified during the due diligence process, are monitored and potential related mitigative actions are considered in the relevant business plan for such investment.

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

Areim tar hänsyn till investeringsbeslutens negativa inverkan på hållbarhetsfaktorer. Detta uttalande är koncernens rapport över huvudsakliga negativa effekter på hållbarhetsfaktorer för Areim AB 1 januari 2022 till 31 december 2022. Areim AB är en oberoende nordisk fastighetsägare och fondförvaltare med fastigheter i Norden inom segmenten lättindustri, bostäder, kontor, detaljhandel och datacenter. Sedan starten 2003 har Areim investerat i underutvecklade fastigheter där bestående värden kan tillföras genom utveckling. Areim beaktar investeringsbeslutens huvudsakliga negativa konsekvenser för hållbarhetsfaktorer som en del av sin due diligenceprocess för investeringsanalys, med hänsyn till Areims storlek, arten och omfattningen av verksamheten och de finansiella produkter som Areim tillhandahåller, genom att identifiera, bedöma, mäta och övervaka de huvudsakliga negativa konsekvenserna i enlighet med due diligenceprocess. Huvudsakliga negativa hållbarhetseffekter som identifieras och relaterade riskreducerande åtgärder beaktas i affärsplanen för investeringen.

Description of the principal adverse impacts on sustainability factors

Areim develops the already built environment in the Nordics and aim to make a difference on all properties acquired, converting underdeveloped and outdated properties into modern, sustainable and certified products while also considering the building's entire lifecycle. A majority of the buildings we invest in are energy inefficient buildings, many with EPC class C and below. Areim considers the principal adverse impacts of investment decisions on sustainability factors as part of its investment analysis due diligence process, taking due account of Areim's size, the nature and scale of its activities and the types of financial products Areim makes available, by identifying, assessing, measuring and monitoring the principle adverse impacts in accordance with the transaction due diligence process. Any principal adverse sustainability impacts identified during the due diligence process, are monitored and potential related mitigative actions are considered in the relevant business plan for such investment. Areim is an independent property owner and fund manager with real estate assets across the Nordic region and therefore reports on PAI indicators for investments in real estate assets.

Indicators applicable to investments in investee companies

| Adverse sustainability indicator | Metric | Impact 2022 | Impact 2021 | 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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets. |
| | | Scope 2 GHG emissions | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |

| | | | | |
|---|--|--|--|---|
| | Scope 3 GHG emissions | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |
| | Total GHG emissions | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |
| 2. Carbon footprint | Carbon footprint | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |
| 3. GHG intensity of investee companies | GHG intensity of investee companies | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |
| 4. Exposure to companies active in the fossil fuel sector | Share of investments in companies active in the fossil fuel sector | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |

| | | | | | | |
|--------------|---|---|--|--|---|--|
| | 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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets | |
| | 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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets | |
| 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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets | |
| Water | 8. Emissions to water | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets | |
| 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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets | |

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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |
| | 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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |
| | 12. Unadjusted gender pay gap | Average unadjusted gender pay gap of investee companies | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |
| | 13. Board gender diversity | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets |

| | | | | | | |
|--|--|--|--|--|---|--|
| | 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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets | |
|--|--|--|--|--|---|--|

Indicators applicable to investments in sovereigns and supnationals

| Adverse sustainability indicator | | Metric | Impact 2022 | Impact 2021 | Explanation | Actions taken, and actions planned and targets set for the next reference period |
|----------------------------------|---|--|-------------|-------------|---|--|
| Environmental | 15. GHG intensity | GHG intensity of investee countries | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets | |
| 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 | | | As a property owner and fund manager we report PAI indicators for investments in real estate assets | |

Indicators applicable to investments in real estate assets

| Adverse sustainability indicator | Metric | Impact 2022 | Impact 2021 | 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 | | Considering Areim's investment strategy and the type of real estate assets the funds invests in, no investments have been made in sectors or sub-sectors that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of fossil fuels. | No actions planned for the next reference period. |
| Energy efficiency | 18. Exposure to energy-inefficient real estate assets | Share of investments in energy-inefficient real estate assets | 75% | | Considering Areim's investment strategy and the type of real estate assets the funds invests in a | During 2023 the CRREM (Carbon Risk Real Estate Monitor) tool is being used to better understand the potential and |

| | | | | | | |
|--|--|--|--|--|---|---|
| | | | | | majority of the buildings we invest in are energy inefficient buildings, many with EPC class C and below. Improving the energy performance through retro fitting and real estate development is central in our sustainability strategy. | investments to improve the energy efficiency in our buildings. Mitigative actions are considered in the relevant business plan. |
|--|--|--|--|--|---|---|

Other indicators for principal adverse impacts on sustainability factors

Areim develops the already built environment in the Nordics and aim to make a difference on all properties acquired, converting underdeveloped and outdated properties into modern, sustainable and certified products while also considering the building's entire lifecycle. A majority of the buildings we invest in are energy inefficient buildings, many with EPC class C and below. Improving the energy performance and reducing energy consumption intensity (PAI #19 tabel 2) through retro fitting and real estate development is central in our sustainability strategy. Areim AB is a real estate investor and therefore reports on the indicators for other indicators (Table 2), applied for real estate assets. No other adverse impact on sustainability factors is identified.

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

Areim AB is an independent Nordic property owner and fund manager. We invest in underdeveloped real estate where we can add lasting value during our ownership and own real estate across Sweden, Norway, Denmark and Finland, within the light industrial, residential, office, retail, and data centre segments. The sustainability strategy is outlined in our ESG policy which is revised annually by the Board of Directors (Approved the 21st of November 2022) and is publicly available on Areim's website.

Areim considers the principal adverse impacts of investment decisions on sustainability factors as part of its investment analysis due diligence process, taking due account of Areim's size, the nature and scale of its activities and the types of financial products Areim makes available, by identifying, assessing, measuring and monitoring the principle adverse impacts in accordance with the transaction process due diligence template responding to Areim's Policy on Investment Decisions and Procedures (Approved the 30st of August 2022). Areim develops the already built environment and aim to make a difference on all properties acquired, converting underdeveloped and outdated properties into modern, sustainable and certified products while also considering the building's entire lifecycle. Energy use, construction materials procurement, and waste management practices are the biggest contributors to our environmental impact. A comprehensive energy efficiency analysis and pre-study on suitable building certification are always included in the asset-level business plan.

Any principal adverse sustainability impacts identified during the due diligence process, are monitored and potential related mitigative actions are considered in the initial business plan for such investment.

During the hold period, the asset manager(s) is responsible for monitoring the day-to-day activities of investments, including their sustainability impacts such as energy efficiency and electricity spending. Annually, they review all the investments using the Fund's Business Plan to ensure the investments follow their expected goals and objectives. Energy efficiency projects differ from asset to asset, but some common activities are upgrades on ventilation, control system steering and heating systems; conversion to LED lightning; improving building automation systems; and installation of smart technology.

We assess these risks while making investment decisions and take measures to mitigate them if significant risks are identified. This ensures that our risk exposure is kept within given limits for both our company and managed funds. To safeguard our business from environmental impacts and minimise our impact on the environment, we apply the precautionary principle, specifically with reference to the environment. We view all risks as opportunities to become more proactive, responsible, and solution oriented.

A margin of error for the PAI indicator 19 is the data delay of 1-3 months when we access the assets. During 2022 changes in the portfolio are limited to small assets in the LI portfolio in Fund V with low energy consumption in absolute numbers, so the result would hardly be affected by the data delay.

Since 2020, we use the data portal to follow up on the energy and water consumption data of our properties. The energy consumption is measured and followed up on property level and aggregated to fund end entity level. The portal collects data automatically from the energy and water providers on the property level. Additionally, Areim uses an ESG data platform to digitalise the ESG data, improve data quality and streamline internal processes. The platform includes energy and water consumption data, EPC levels, waste measures, certification levels, data on renovations, refrigerants etc. In addition, the data from the portal is automatically sent into the platform. For the PAI indicator 19 use the data from our directly owned properties.

The EPC methodologies and ratings are not harmonised across the Nordics which impacts the comparability of the PAI indicator regarding energy inefficient real estates. The indicator focuses on existent EPC level of the building and is not describing the transition of the asset.

Engagement policies

Areim is a non-listed real estate investor and is not obliged to the engagement policies referred to in Article 3g of Directive 2007/36/EC of the European Parliament and of the Council. In the [few] cases that an Areim managed fund invests in an operational real estate company, Areim exercises active and responsible ownership by, to the greatest extent possible given the size of the ownership stake, supporting the business in the development of strategy, business plans, target formulation and management work as well as through representation on the board, election committee and/or investment committees.

References to international standards

Areim's strategic approach to sustainability is based on aligning the business with the Global Goals for Sustainable Development and the Ten Principles of the UN Global Compact, in addition to complying with all relevant national and international legislation. Furthermore, since 2021, Areim is a signatory to the Principles for Responsible Investment ("PRI") and adheres to the Six Principles for Responsible Investment. Areim follows the precautionary principle and complies with applicable laws and regulations as a bare minimum. We have signed the Global Compact and follow the UN's guiding principles for businesses and human rights, as well as the OECD's guidelines for multinational enterprises, including the International Labour Organisation's (ILO) declaration on fundamental rights and principles at work, ILO's eight core conventions, and the International Convention on Human Rights. We assess potential and actual risks to human rights in the activities of business partners and investments as part of our due diligence process before entering new business relationships or investing in companies.

Areim has initiated a screening of our portfolios using Carbon Risk Real Estate Monitor (CRREM) tool and to set carbon reduction plans for each asset. When we continuously plan, perform, measure output, evaluate and improve the plan, we both learn what initiatives are the most efficient and reduce our emissions in a systematic way. The CRREM risk assessment tool enables Areim to understand the climate risks associated within the assets related to the ambitions of the Paris agreement. CRREM released decarbonization pathways that translate the ambitions of limiting global warming to 1.5°C and 2°C by the end of the century into regionally- and property-type-specific trajectories against which real estate assets and portfolios can benchmark themselves. The CRREM tool is provided by a not-for-profit-initiative operated by the IIÖ GmbH, Institute for real estate economics, initiated by IIÖ, APG Asset Management, PGGM and Norges Bank Investment Management. CRREM initiative has its roots in an EU funded project.

Historical comparison

This is the first year of reporting and historical data is therefore not available.

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 real estate assets | | |
| Energy consumption | 19. Energy consumption intensity | 0,00017 GWh/ sqm (Energy consumption in GWh of owned real estate assets per square meter) |