

ESG Report 2023

Published in 2024



USALDUSFOND
EFTEN REAL
ESTATE FUND 4

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Dear Readers,

We are pleased to present the 2023 ESG report for EfTEN Real Estate Fund 4. Sustainability is a key component of our fund's management and long-term strategy. We believe that sustainable practices not only benefit the environment and society but also enhance the fund's value and long-term success.

Developing a comprehensive sustainability strategy is an ongoing process requiring commitment and collaboration. We are working closely with experts and stakeholders to develop and implement best practices. This year, we have made a significant progress in evaluating and enhancing our sustainability approach, setting ambitious yet realistic goals to ensure the sustainable development and continued success of the fund.

The global challenges of sustainability and climate change are critical issues that impact everyone. The real estate sector plays a vital role in shaping a sustainable future, and we recognize that our ESG performance is as crucial as our financial outcomes. Our long-term focus on environmental, social, and governance (ESG) factors not only supports sustainable practices but also improves our financial performance by enhancing our environmental and social strategies and policies.

In 2023, we enhanced our efforts to refine our sustainability and social policies, strengthen stakeholder engagement, and incorporate physical climate risk assessments into our asset management. We are committed to supporting the European Union's goal of achieving carbon neutrality by 2050, and therefore we have embarked on our own journey towards achieving Net Zero Carbon by that year, laying the foundation for a more sustainable future.

We are proud to report that these efforts are already yielding positive results. In 2023, EfTEN Real Estate Fund 4 received 5 out of 5 stars on the GRESB benchmark, an improvement from the 4 stars we received in 2022. This achievement reflects our strong performance across various ESG criteria. Our aim is to maintain this high standard in the coming years, as sustainability continues to be a core focus in real estate.

We look forward to building our knowledge and engagement in ESG, ensuring that our investments are sustainable, resilient and that our reporting is transparent.

We hope this report provides valuable insights into our ongoing sustainability journey.



Viljar Arakas

**Chairman of the
Management Board
and Fund Manager
of EfTEN Capital AS**

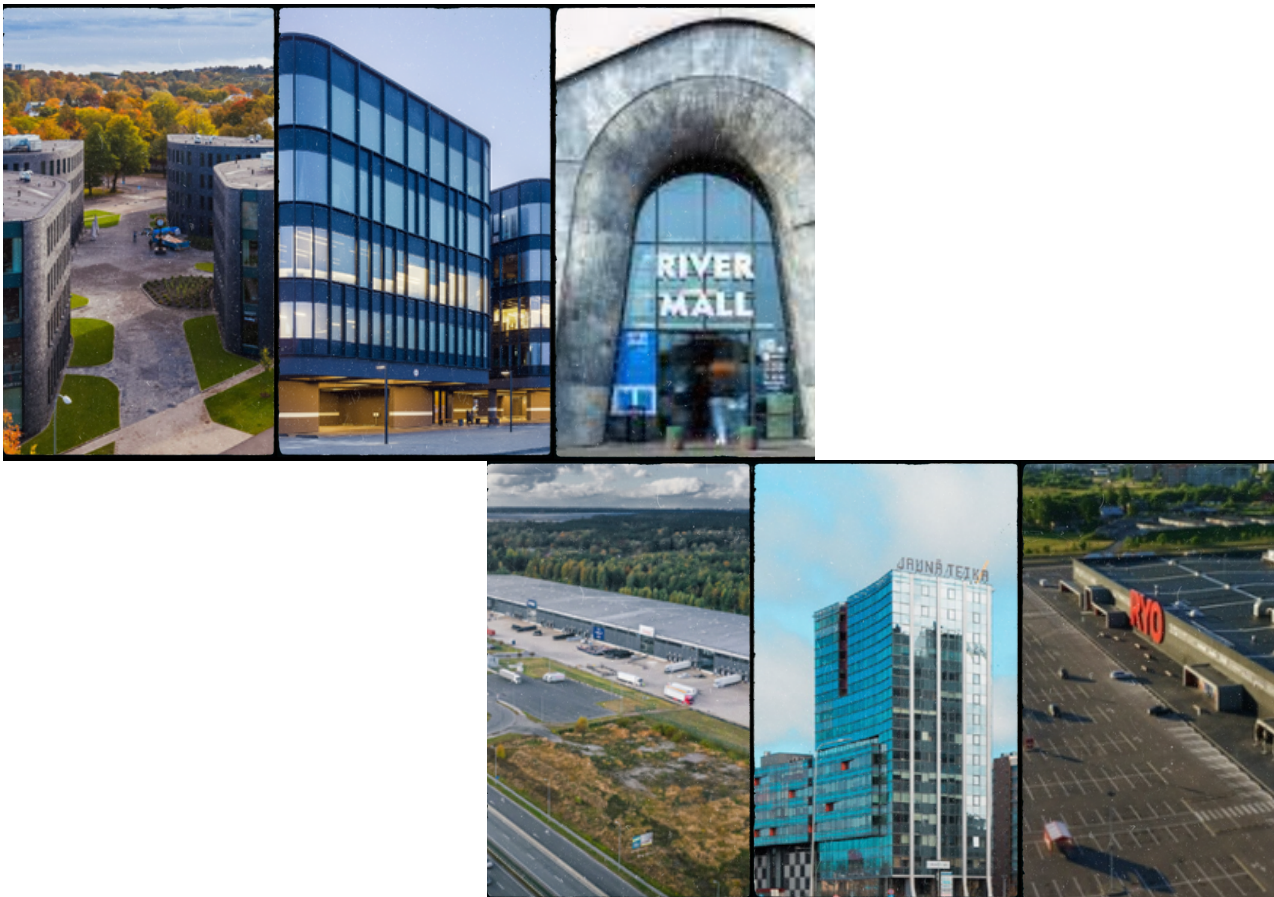
Welcome to our fifth annual ESG report, reflecting our sustainability journey since 2019 of Usaldusfond EfTEN Real Estate Fund 4 ("the Fund") with headquarter in Tallinn, Estonia for the calendar year ending 31 December 2023. This report complies with EPRAs Best Practices Recommendations (BPR) Guidelines and references Global Reporting Initiative (GRI) standard. It is directed to all stakeholders to inform about Environmental, Social and Governance (ESG) activities. The market performance data has been collated from publicly available sources. We welcome feedback, which can be directed to: info@efTEN.ee.



ABOUT FUND 4

EfTEN Real Estate Fund 4 was founded in October 2018 to invest in commercial properties across Estonia, Latvia and Lithuania. The Fund primarily invests in office, retail and logistic facilities across the Baltic states. The private real estate equity fund was established in Estonia and is fully controlled by EfTEN Capital AS ("EfTEN"). The Fund will seek to benefit from the implementation of a comprehensive sustainability improvement programme in its investment properties. This will include infrastructure upgrades with advanced resource efficiency technologies but also behavioural change through the introduction of resource efficiency-focused facility management, engagement with building occupants through green leases as well as sustainability reporting according to globally recognized standards.

EfTEN Real Estate Fund 4 is an alternative, closed-end investment fund. The Fund follows core and core plus investment strategy with ESG characteristics.





ELECTRICITY

-25%



Like-for-like total electricity consumption from all assets between 2019 and 2023.

Targeting 30% reduction by 2025 against the 2019 baseline.

GAS

+42%



Like-for-like total gas consumption from all assets between 2019 and 2023*.

Targeting 30% reduction by 2025 against the 2019 baseline.

RECYCLING

+45%



Like-for-like recycling rates from all assets between 2019 and 2023.

Targeting 45% increase by 2025 against the 2019 baseline.

WATER

-40%



Like-for-like total water consumption from all assets between 2019 and 2023.

Targeting 55% decrease by 2025 against the 2019 baseline.

GENDER DIVERSITY



Of all employees, 71% are women. There is 33% women in the management board of the Fund.

EMPLOYEE HEALTH & SAFETY



No health & safety incidents at work in both 2022 and 2023.

GRESB



Achieved the highest rating of 5 out of 5 stars, scoring 88 out of 100, a 1-star improvement from 2022.

*more details on pages 10-11.



SUSTAINABILITY STRATEGY

As an owner and operator of real estate, we understand the huge environmental impacts of our built environment and the importance of addressing these in a sustainable manner. We treat ESG factors as an integral part of business operations and investment decisions. We are exploring and implementing solutions designed to mitigate climate change risk, reduce our greenhouse gas emissions and limit the overall impact on the environment.

Our sustainability strategy acts to identify opportunities for efficiencies in energy and water consumption and strengthening climate resilience across the portfolio.

The Fund aims to shape a better future by recognising that sustainability needs to be a key part in all our actions.

PILLAR	GOAL	OBJECTIVES
Environment	Sustainable and resilient buildings	<ul style="list-style-type: none"> Minimise the environmental impact Commitment to continuous improvement Data collection, evaluation and analysis Sustainable supply chain
Social	Healthy and safe buildings for everyone	<ul style="list-style-type: none"> Tenant health, wellbeing and comfort Diversity, equity and inclusion Training and education
Governance	Long term sustainable & profitable growth and transparent governance	<ul style="list-style-type: none"> Transparent disclosure ESG integrated investment processes



SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) framework brings together society, governments and business to drive positive change. As a responsible company, the Fund is committed to play an active role, contributing materially to the below SDGs via our Sustainability Strategy.

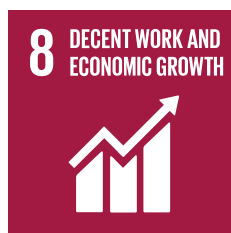
Sustainable and resilient buildings



Healthy and safe buildings for everyone



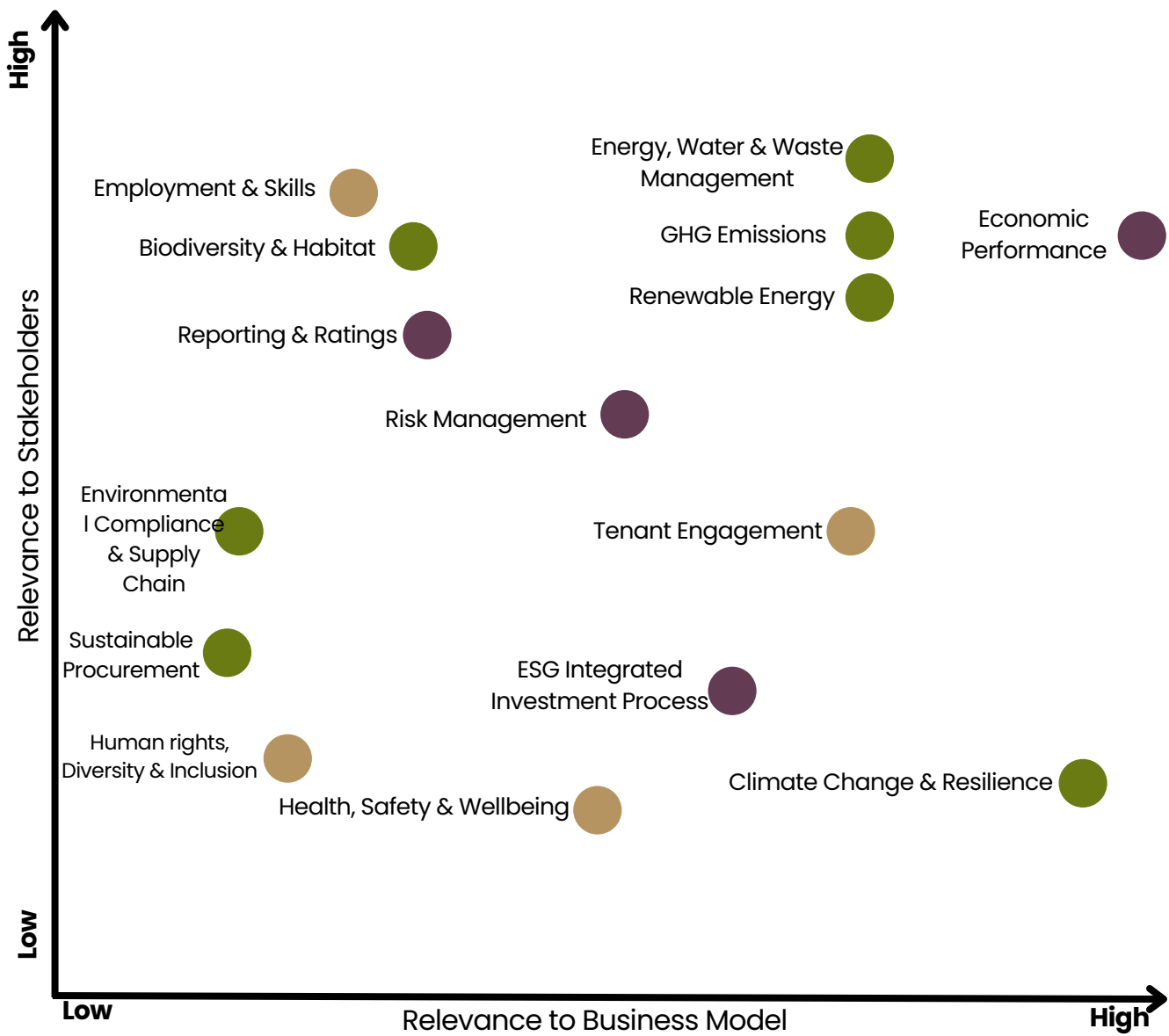
Long term sustainable & profitable growth and transparent governance





MATERIALITY

We regularly identify the critical issues to be included in our sustainability strategies via a materiality process. This assessment applies a sustainability lens to business risk, opportunity, and risk management processes. The assessment identifies, refines and assesses numerous Environmental, Social and Governance (ESG) factors that can affect our business and/or our stakeholders. We conducted the materiality assessment in 2022 to establish which topics are the most significant for the Fund and its stakeholders. The assessment remained relevant in 2023 and it will be updated in 2024. The materiality process included engaging various stakeholders and performing industry research to prioritize the most crucial issues.



Key: ● Environmental ● Social ● Governance/Economic

ENVIRONMENT

Climate change & resilience along with reduction of greenhouse gas emissions and renewable energy procurement are one of the most material topics identified by our business and our stakeholders. We use an ISO-14001 aligned Environmental Management System (EMS) framework to ensure and formalize responsible use of resources, pollution prevention, greenhouse gas emissions reduction, water use reduction, waste reduction and compliance with regulations.



ENERGY MANAGEMENT

Our low carbon economy strategy includes employing comprehensive energy and greenhouse gas (GHG) emissions data collection and analysis. We are implementing **energy efficiency strategies** and optimizing energy use by using monitoring and targeting strategy which aims to identify energy efficiency opportunities. We are committed to educating our tenants about importance of saving and reducing energy to drive behavioural changes. We promote LED lights installation, natural ventilation during hot months, and investing in air source heat pumps in all assets. Additionally, we are investing in renewable and local energy sources to reduce energy use and GHG emissions. For any future retrofits we will focus on building insulation where appropriate, along with improved lighting and heating controls to decrease the energy demand.





ENERGY MANAGEMENT continued

OBJECTIVES	PROGRESS
<p>Reduce like-for-like (Lfl) electricity consumption by 30% by 2025 (against a 2019 baseline).</p>	<p>We have continued the quarterly monitoring and measurement of electricity consumption. We have already reduced Lfl electricity consumption by 25% against the 2019 baseline.</p>
<p>Procure 100% of electrical energy from renewable sources by 2025 where economically and operationally feasible across all managed assets.</p>	<p>In 2023, 82% of our assets (by number of assets) procured electricity from renewable sources and obtained Renewable Energy Certificates to guarantee its origin.</p>
<p>Reduce like-for-like gas consumption by 30% by 2025 (against a 2019 baseline).</p>	<p>We have continued the quarterly monitoring and measurement of gas consumption. We know how critical it is to reduce and ultimately completely eliminate use of gas in our assets. Across 11 assets, 6 use gas. In the past few years, we installed air source heat pumps (ASHP) in four assets and we are further exploring the feasibility of installing ASHP in the remaining assets. In 2023, the Lfl gas consumption have increased by 42% against the 2019 baseline.</p>
<p>Compile a solar PV rollout strategy for viable roof spaces by 2025.</p>	<p>The solar PV pilot is planned to be rolled out for all assets in 2024. We are exploring which assets would benefit the most from solar PVs installation.</p>
<p>Investigate feasibility of energy AMR (automatic meter reading) devices across all assets (where landlord has control) by 2024.</p>	<p>82% of our assets already uses AMR. The feasibility of installing AMR in the remaining assets with be further investigated in 2024.</p>
<p>Obtain or estimate tenant energy consumption for >50% of tenancies by 2025.</p>	<p>In 2023, we obtained 100% energy consumption from our tenants and we aim to continue this trend in the coming years.</p>



GHG EMISSIONS

The Fund follows the Greenhouse Gas Protocol methodology in the GHG emissions accounting and this is how the Fund defines the GHG scopes.



Direct emissions from heating and cooling (e.g. natural gas) which are owned or controlled by the Fund.



Purchased electricity, heat, steam, cooling required by the Fund but generated elsewhere.



Emissions from the Fund's operations which are not directly controlled or owned such as tenant utilities.

OBJECTIVE	PROGRESS
<p>Reduce like-for-like CO2 emissions by 15% by 2025 (against a 2019 baseline).</p>	<p>We have continued the quarterly monitoring and measurement of electricity consumption. Our LfL GHG emissions have decreased by 9% against the 2019 baseline. We are committed to decrease the greenhouse gas emissions in all three scopes. We continue to maximise energy efficiencies by applying ISO-14401 aligned Environmental Management System (EMS) principles and continue to increase renewable energy procurement.</p>



NET ZERO CARBON

We know how critical it is to become Net Zero Carbon in the coming years, therefore we want to make a commitment to decarbonise our assets. Due to our strategy of purchasing and holding properties, our primary focus is decreasing their in-use carbon footprint. We will look to make further improvements to energy efficiency by applying our Environmental Management System, switching to renewable energy and as a last resort investing in high-quality offsets to neutralise the remaining balance.

In 2021, we started using Carbon Risk Real Estate Monitor (CRREM) to better understand what actions would be most the valuable in reducing emissions and applying reduction pathways across all assets. Furthermore, it provided us with a better understanding of which assets might be at risk of stranding in the future so we can prepare an appropriate action plan ahead. In 2023, we conducted CREEM analysis for 100% assets using the newest version of CRREM assessment. Additionally, we developed a Net Zero Roadmap in 2023.

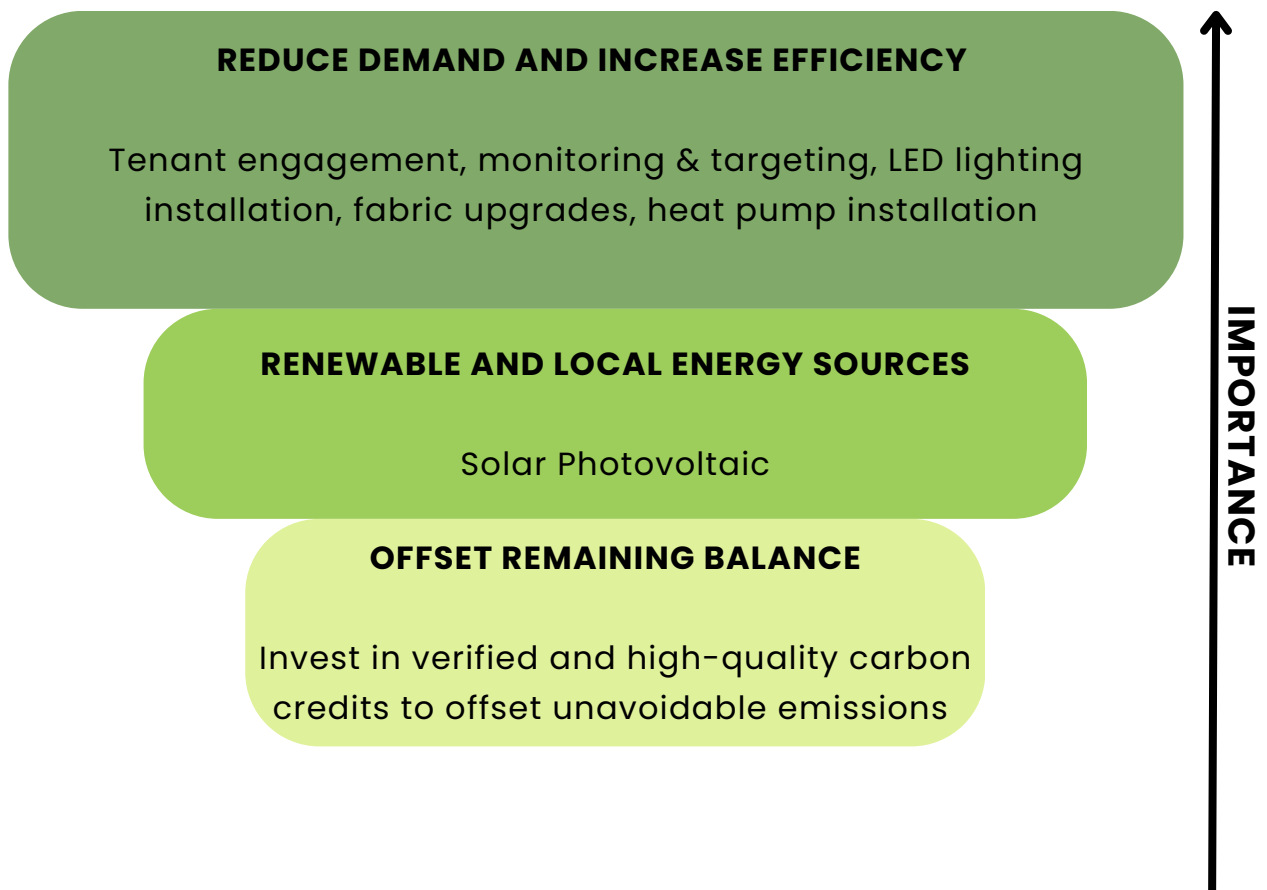
OBJECTIVES	PROGRESS
Create a Net Zero Roadmap by 2023.	We created the Net Zero Roadmap in 2023.
Develop a strategy to meet CRREM targets.	In 2023, we conducted CREEM analysis for 100% assets using the newest version of CRREM assessment. In 2024 we will be working on developing the strategy to meet CRREM targets.



NET ZERO CARBON continued

In 2022, we calculated the baseline operational carbon footprint of our assets to better understand our environmental impact. Below, we set the steps which will guide us in the journey to Net Zero Carbon.

The Fund follows the energy hierarchy to reach Net Zero Carbon target. This hierarchy ensures that only emissions that are unavoidable are offset through an acceptable and reputable offset schemes.



TRANSITION AND PHYSICAL RISKS

The Fund identifies climate change as a risk to the business, not to mention the planet. By making the challenge of climate change a key driver in long term strategic decision-making, the Fund will do its part to address this issue, creating long-term value opportunities in the process. The Fund is committed to disclose a holistic picture of all business operations and how the climate risks and opportunities are embedded into every aspect of the business: governance, strategy, risk management and metrics & targets. We are aware of interdependencies between climate change and financial performance, and we want to reflect how climate risks can affect our ability to create a value in the coming years.

We used CRREM tool and Moody's Physical Climate Risk Assessment to identify the assets exposure to potential climate hazards. We are developing strategy to increase the resiliency of the buildings and mitigate climate change impacts.



TRANSITION RISKS



Type of risk/opportunity	Description	Timeline	Management process
Policy and legal risks	<p>The increase in carbon pricing and more stringent reporting obligations are likely to lead to increased operational costs as a result of the higher compliance costs. The early retirement of assets is also very possible as a result of policy and legal changes.</p>	Medium to long term	<p>We will work toward our Net Zero target to mitigate climate change risks. Transparent disclosure of our ESG strategy via annual reports prepare us for increased disclosures and legislation in the future.</p>
Technology risk	<p>Transition to low carbon technology will potentially lead to increased capital investments and higher costs of research and development in new technologies.</p>	Medium to long term	<p>We recognize that investment in low emission technologies might attract more investors therefore there will be more capital available. The increase in revenues is also very likely due to the higher customer demand for low carbon assets and technologies. It is also possible to generate additional revenue from developing energy generation on site.</p>
Market risk	<p>Change of behaviour of investors and customers is likely to redirect the capital investments away from companies that negatively contribute to climate change. This will reduce the demand for the assets and services therefore decrease revenues. Additionally, increased cost of raw materials will potentially lead to higher production costs and higher operational costs.</p>	Short to long term	<p>We are committed to positive contributions to climate change which includes improved energy, water, waste performance as well as investing in renewable energy. This may lead to access to new markets and new assets therefore increased revenues through new partnerships and higher diversifications of assets. It may also have an impact on preferable borrowing on green buildings.</p>
Reputation risk	<p>The way organisations respond to climate change is a likely reputational risk. The negative actions or inaction will lead to negative stakeholder feedback therefore capital availability will decline. It will be much harder to attract partners and talents. Additionally, governmental support might be limited.</p>	Short to long term	<p>Our sustainability commitments address concerns of our stakeholders and put us in a competitive position. Through continuous improvements we manage impacts and risks of climate change. Transparent disclosure of our actions attract investors who consider sustainability as one of the most important factors in their decision-making.</p>

PHYSICAL RISKS



Type of risk/opportunity	Description	Timeline	Management process
Acute	<p>More severe extreme weather events such as floods or cyclones will potentially lead to reduced revenue, increased liquidity risk and increased depreciation for non-resilient buildings due to disruption in the supply chain and higher costs from health and safety impacts on employees.</p>	Short to long term	<p>All our assets are developing Emergency Response Plans that outline a building's response to emergency scenarios that incorporate extreme weather due to climate change. Additionally, all asset locations are reviewed against extreme weather events.</p>
Chronic	<p>More extreme rainfall, higher mean temperatures and rising sea levels will lead to increased operating and capital costs. It is also very likely that the insurance premiums will be increased due to the risky weather conditions.</p>	Short to long term	<p>Continuous mitigation strategies include energy efficient initiatives and retrofitting our assets. Severe weather guidelines are incorporated into acquisition strategy and flood risk is one of the key factors when choosing a new asset. Furthermore, there is an opportunity to develop natural infrastructure around buildings to protect urban areas such as flood defence.</p>



WATER

We used the WWF Water Risk Filter to check the water scarcity risk in countries where the Fund operates. In Latvia and Lithuania the water scarcity risk is very low and in Estonia is low. Although the risks are very low or low the Fund employs comprehensive water data collection to measure progress against our reduction targets. We are **committed to reducing water use** through water management strategy which ensures optimal performance of water systems in the assets. We aim to develop a strategy to locally collect rainwater which can be utilized in or around our buildings. Moreover, we focus on educating our tenants about importance of saving and reusing water.



OBJECTIVES	PROGRESS
Reduce like-for-like water consumption by 55% by 2025 (against a 2019 baseline).	We have continued the quarterly monitoring and measurement of water consumption. We have already reduced LfL water consumption by 40% against the 2019 baseline.

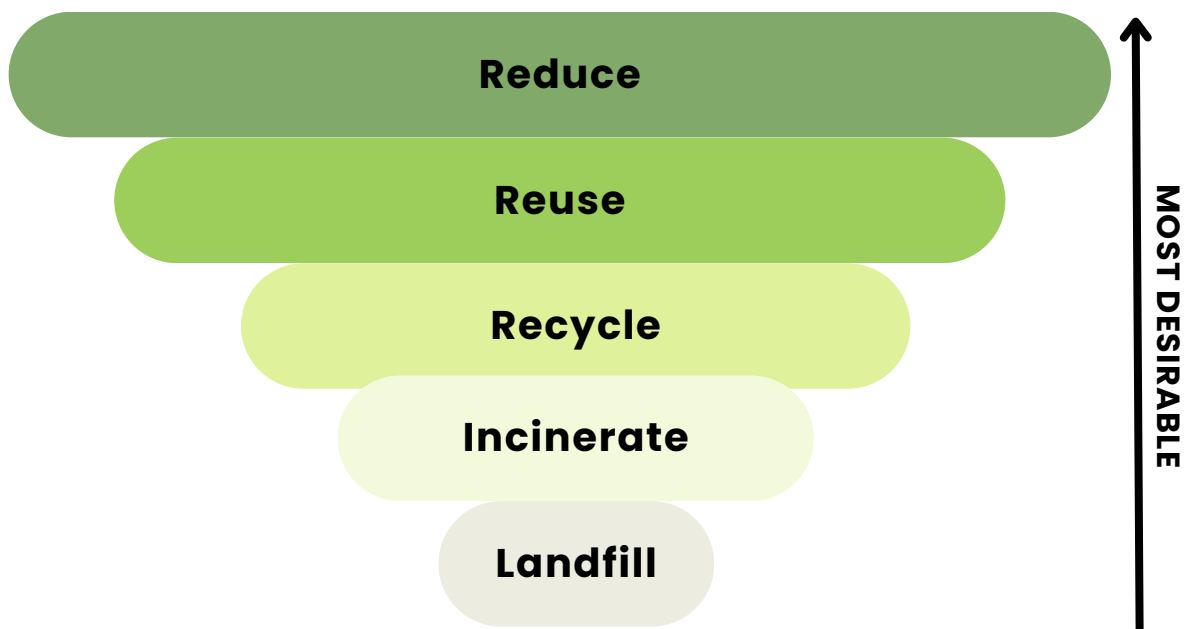




WASTE

The Fund is committed to reducing waste sent to landfill, promoting reusing and recycling and supporting the transition to a circular economy. It is crucial for us to engage with and educate our tenants about the circular economy and the waste hierarchy to accelerate the transition to a zero waste economy. We employ comprehensive waste data collection to measure progress against our reduction targets.

For any future retrofits, we want to focus on preserving existing materials, target the detachability of the finished products and procure only from sustainable suppliers. We want to reduce dependency of new materials, especially materials that are not renewable, and increase use of secondary and recycled materials with low carbon and biodiversity footprint. Additionally, we want to invest in future-proof and smart design materials which will last longer.



OBJECTIVES	PROGRESS
<p>Increase like-for-like recycling rate by 45% by 2025 (against a 2019 baseline).</p>	<p>We have continued the quarterly monitoring and measurement of waste streams. We are investigating further opportunities with tenants on how to minimise waste and increase recycling. We have already increased recycling rates by 45% against the baseline.</p>



BIODIVERSITY

We understand the impacts of our built environment on biodiversity and habitat. We want to create a plan which sets out how we can **restore and protect biodiversity and habitat around our assets.**

The first thing we did was to confirm that our assets are located outside of the terrestrial and marine protected areas using the Integrated Biodiversity Assessment Tool.

The next step will be conducting biodiversity & habitat surveys to estimate the habitat size, habitat condition, habitat distinctiveness and strategic significance of habitat. It will help us to identify the opportunities to restore and regenerate local biodiversity.

We will gradually start to incorporate wildflower meadows, trees and shrubs, green roofs and native & pollinating plants. Strategic planning of all biodiversity enhancements is crucial for us. We want to introduce large trees with great leaf density to help purify the air and provide shade. There is a benefit to tenants too by creating spaces that are more desirable to work and live in, as well as increasing tenants connection to nature and reducing the effects of high summer temperatures due to shading provided from mature trees. Introduction of green walls will be an additional protection from the wind. We also consider creating allotments for our community to grow fresh vegetables and fruits. Moreover, it is essential to retain, and reuse collected rainwater and add mulch to the soil to retain moisture. To increase the animal variety, we are planning to install beehives, bird boxes, bat boxes and insect boxes.

In the future, the Fund will aim for Biodiversity Net Gain in our sites.

LATVIA

LITHUANIA

ESTONIA

All assets outside of terrestrial and marine protected areas



SOCIAL

At the Fund, to help enable meaningful action, we define community as our immediate neighbours and those in the local catchment areas surrounding our properties. We support and empower our community partners by focusing on building positive and lasting relationships and maintaining a sustainable operation. We believe that having an open and transparent dialogue with our local communities enables us to create a harmonious environment for our neighbours, customers and staff alike. Compliance with local laws and regulations is paramount to the progress of our development projects, the sustainability of our operations and harmonious community environments.

The effectiveness of our community engagement is continuously being reviewed and adjusted to ensure that we sufficiently address community interest and opportunities. Wherever possible, we actively seek to create synergies and connections between our activities within our managed assets and our philanthropic activities.



EMPLOYEES AND GENDER & DIVERSITY

The value, development potential, and social impact of the Fund is highly dependent on the skills and commitment of our employees.

In 2021 and 2023 we conducted an **employee engagement surveys**, studying what are key factors for the Fund employees in everyday work and pursuing ESG targets.

Attracting, retaining and managing people with appropriate expertise and experience is of paramount importance. However, this alone is insufficient. We must also create conditions that enable our employees to feel deeply motivated, engaged and committed to their daily work.

The drive to create better working conditions, which will boost performance, is more important since it also addresses the issue of the changing relationship between employees and their work. Indeed, an increasing number of people state that they need more meaningful work and are unwilling to compromise on their personal values. Employees want to develop their skills, fulfil their potential, enjoy a certain amount of autonomy, and be able to make appropriate decisions concerning their work.

The real estate sector remains one in which women find it difficult to access senior management positions, especially in certain specific business lines. The Fund is fully committed to promoting gender equality and diversity in all its aspects. Of all employees, 71% are women. There is 33% women in the management board of the Fund.

OBJECTIVES	PROGRESS
Continue to deliver annual employee training in environmental, health and safety issues.	100% of employees received professional and ESG specific training in 2023.

HEALTH & WELLNESS



Our success starts with people. Whether they are our employees, or part of the communities where we operate – happy, healthy people are crucial.

We see our employees as our greatest asset, and we are committed to providing them with a healthy workplace that supports their physical and mental wellbeing. We conduct biennial health checks for all our employees to ensure that everyone stays healthy.

We also recognize that our buildings have human impacts both within and outside their walls. Building health is a key part of our asset management programme. This promotes and verifies great indoor air quality and emphasizes active design features that help our building occupants stay physically active.

As part of our health & wellness strategy, we offer sport activity bonus and healthy snacks in the office to provide access to exercise and healthy food to everyone. We encourage our tenants to minimize the use of toxic substances such as toxic cleaning detergents to reduce toxic emissions.

OBJECTIVE	PROGRESS
Health and Wellbeing Strategy for selected assets by 2025 (including needs analysis, goal setting, taking corrective actions, monitoring & formal ratings (e.g. FitWel), with improvement plans to include measures that address key wellbeing issues identified).	The health & wellbeing strategy is being developed and we encourage all property managers to further integrate health & wellbeing incentives.





TRANSPORT & MOBILITY

Sustainable transport options such as walking, cycling and public transport can improve health and wellbeing, reduce congestion and cut greenhouse gas emissions, issues we all need to think about in our own lives. By giving people the right facilities in the right locations we believe we can help them travel healthier and more sustainably. Additionally, we always encourage our employees to use the stairs instead of elevator to promote additional movement.

OBJECTIVE	PROGRESS
Bicycle parking and EV charging provision at all appropriate sites by 2025 & best practice end of trip facilities.	82% of our assets have a cycle storage and 64% have cyclist facilities. 82% of our asset have EV charging points installed.





STAKEHOLDER ENGAGEMENT

The transition to a sustainable and net zero carbon economy requires exceptional collaboration between different stakeholders and collective governance. We consider that it is not only our responsibility, but rather a strategic priority, alongside our various stakeholders, to support the progress of the global community in line with our commitments and our expertise. It would be impossible for us to progress our sustainability agenda without ongoing engagement with our tenants: to understand their own approaches and policies, but also to enable them to tell us if we are meeting their needs as well as our own.

OUR APPROACH TO STAKEHOLDERS	
Tenants	Engaging and supporting tenants in introducing efficiency measures and best environmental practises. Working on improving the environmental performance of the assets.
Employees	Providing equal opportunities, high standards of health, safety and wellness. Ensuring that employees expectations are met and training is provided.
Investors	Continuously increasing the value of investments while improving the environmental performance. Providing transparent reporting.
Communities	Developing plans to improve health, safety and wellness of local communities.
Regulators	Ensuring alignment to compliance standards and transparency with all stakeholders.
Suppliers	Choosing local suppliers with sustainability credentials. Promoting ESG values across the supply chain.



COMMUNITY ENGAGEMENT

We recognize that our buildings are part of larger community systems, and that they have the potential to either benefit or detract from their local communities. To navigate these concerns, we support and engage with the local community through our development and asset management activities. We aim to create and operate buildings that complement and benefit their neighbourhoods.

Engagement programmes have been established at asset level with the Fund assets where possible. Where appropriate, improvement works to public spaces surrounding an asset have been included in upgrade works serving to improve the attractiveness and accessibility of the area. This has included examples of improved exterior lighting to walkways, landscaping of green spaces and additional seating areas.

Property Managers respond to community concerns on a property-by-property basis to understand how they can potentially positively contribute to the local community. Charitable programmes are established and encouraged at the two shopping centre assets which also promote health and well-being, often through use of open, public spaces.

OBJECTIVE	PROGRESS
Encourage selected sites to put in place community engagement programmes by 2025.	We are developing a community engagement programme which will be focused on improving areas surrounding our assets to protect the environment and improve resilience of the assets. We want to run our business responsibly to generate positive social impact and bring communities together.





TENANT ENGAGEMENT

Tenant engagement programmes involve initial ESG communication with tenants through building level communication, meetings and tenant engagement plans. In 2021 and 2023, tenants were contacted as part of the **tenant survey**, which included questions specifically focussed upon ESG. Whilst the tenants are rather satisfied with their landlord, the Fund will take into account all the relevant and reasonable comments and feed these back to senior management at the Fund. The Fund intend to reissue a tenant survey every three years for a regular update on feedback.

Where issues are identified following tenant surveys, these issues are addressed directly with the individual tenants. An integral part of our property management is to ensure that our tenants receive a satisfactory level of service in line with their expectations. Where possible we will always reflect and address their considerations and put in place remedial actions to ensure that concerns have been addressed, or an action plan created to progress towards getting the issues addressed.

A tenant ESG guide was also produced in 2021 and shared with all property managers and tenants to produce a resource of guidance to consider future ESG improvement opportunities either directly, or with the support of EfTEN Real Estate Fund 4. Tenant engagement plans will be further developed as the ISO-14001 aligned EMS evolves.



GOVERNANCE

Our sustainability strategy is supported by our pledge to maintain the highest standards of governance, integrity and business ethics. We are committed to work to the highest business ethics and compliance standards.

In 2020 we launched our ESG Policy to integrate and promote greater environmental responsibility and resource-efficient processes across our operations and activities. Additionally, ESG Strategy & Action Plan was approved by the Supervisory Board in January 2022. As the Fund's portfolio develops each year, we continue to review and add to the policy to ensure high efficiency and standards.

The Policy demonstrates the Fund's commitment to having a sustainable approach to management by integrating ESG factors across all our activities as well as fostering a shared sense of responsibility for optimal environmental and social performance from senior management through to our team members and subcontractors.



ESG GROWTH

EfTEN Real Estate Fund 4 ESG Committee was established in 2020 and continues to hold quarterly meetings throughout each year. The committee helps to develop, monitor and implement the Fund’s **ESG Policy**.

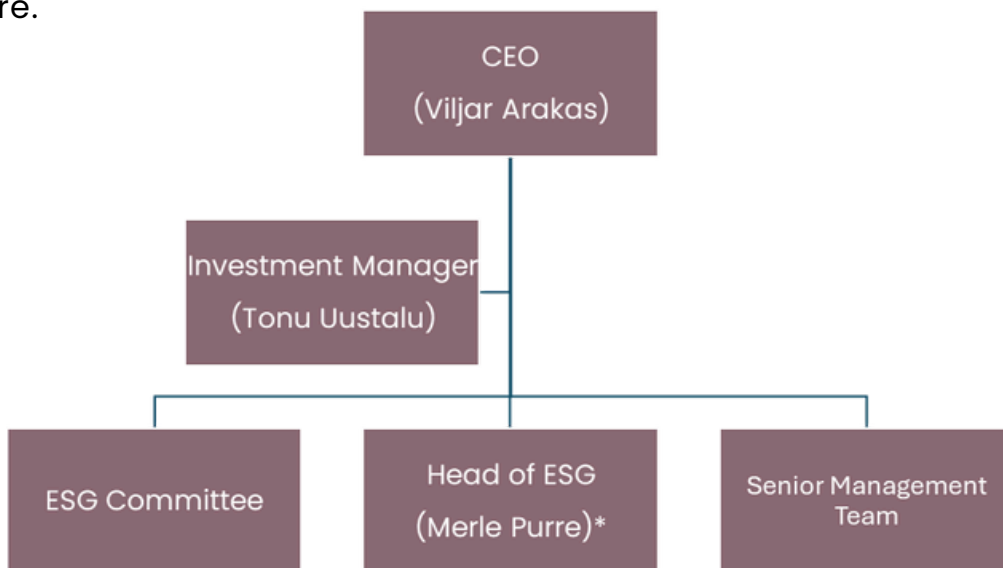
The Committee includes representation from different business functions such as asset management, investment management, legal, investor relations with oversight from the management board. It strives for continual improvement across all of the Fund assets.

The Committee manages sustainability strategies and objectives and ensures incorporation of these into property operations, with appropriate variation by country due to differing certification and legislative requirements.

The process to monitor ESG-related controversies, misconduct, penalties, incidents, accidents, or breaches against the codes of conduct and ethics is managed by the EfTEN Real Estate Fund 4 ESG Committee and Senior Management team. Following a full investigation, external communication would also be managed by the EfTEN Real Estate Fund 4 ESG Committee and Senior Management.

ESG Committee manages, monitors and performs risk assessment in governance policies relating to: bribery and corruption, cybersecurity, data protection and privacy, executive compensation, fiduciary duty, fraud and shareholder rights.

The below graph represents EfTEN Real Estate Fund 4 ESG governance structure.



*Merle Purre was appointed as the Head of ESG in 2024. Prior to this, Allan Sieger acted as the Head of Investor Relations and Sustainability.



ESG GROWTH continued

In today's environment where change and uncertainty seem to be the only constants, more and more investors are taking a long-term view and choosing to put their money into companies that generate returns and act responsibly and ethically. ESG investing continues to reshape global markets. This trend is poised to continue making ESG analysis a critical part of the investment process. As such, we prioritize publicly disclosing our Sustainability Strategy and ongoing environmental performance, allowing stakeholders to considerately judge the effectiveness of our response.

We are committed to Responsible Investment through inclusion of ESG factors in a due diligence process, responsible stewardship and focusing on strategies that create positive impact at fund and asset levels.

OBJECTIVE	PROGRESS
Transparent disclosure of our performance in the Fund 4 Annual ESG Report & regular investor ESG reporting & engagement as considered appropriate and desirable.	This year we released our fifth ESG Report and we regularly update investors about our ESG strategy and objectives.
Further integrate ESG factors into the Fund risk and procurement management in 2024.	We are developing processes to further integrate ESG factors into the Fund risk and procurement management.
Review transition and physical risks on annual basis using a TCFD Policy.	We developed a systematic and TCFD aligned process for identifying transition and physical risks in 2023 and we will be reviewing the risks on annual basis.



REPORTING & RATINGS

We are proud to continue our participation in the annual Global Real Estate Sustainability Benchmark (GRESB) process, providing comparable and reliable data on the ESG performance of our investments. GRESB is an industry-driven organization dedicated to evaluating the environmental, social, and governance (sustainability) performance of real estate portfolios globally.

In 2023, EfTEN Real Estate Fund 4 marked its fourth consecutive year of reporting to the GRESB Real Estate Assessment. We improved our score from 86 out of 100 in 2022 to **88 out of 100 in 2023**. Specifically, we achieved 27/30 (90%) in the Management section and 62/70 (89%) in the Performance section.

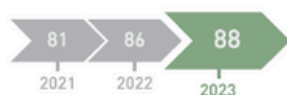
To further strengthen our Management score and ensure continued strong Performance scores across our assets, EfTEN Real Estate Fund 4 aims to maintain a **5-star GRESB rating** in the coming years. We have established a three-year program designed to incrementally enhance our GRESB score. Key focus areas for improvement include stakeholder engagement, reporting, risk assessment, and community engagement.

2023 GRESB Standing Investments Benchmark Report

EfTEN Real Estate Fund 4 | EfTEN Capital

GRESB Rating
★★★★★

Participation & Score



Peer Comparison



CLOSING STATEMENTS

Organizational Boundary

The reporting boundary has been defined according to where EfTEN Real Estate Fund 4 has operational control i.e. where it has the full authority to introduce and implement operating policies, within EfTEN Real Estate Fund 4 only. Single-let assets (where tenants are responsible for procurement) and assets in development are excluded. Future reports will consider reporting on other funds as considered appropriate and required.

Coverage

Environmental performance data is based on invoiced data or meter readings. No data estimation has been required for full coverage reporting for Fund 4 assets within 2022 or 2023.

Normalisation

EfTEN Real Estate Fund 4 calculates energy and water intensity key ratios by dividing utility usage by the buildings' floor area. This is the most widely accepted method in Europe to compare energy utilisation and resource consumption.

Segmental Analysis

There are 11 standing assets in EfTEN Real Estate Fund 4. They are located in Lithuania, Latvia and Estonia. Reporting is carried out at fund level.

Reporting Period

Reporting for each year accounted for in the ESG tables refers to the calendar years between 1 January 2022 to 31 December 2023.

CLOSING STATEMENTS continued

Methodology

EfTEN Real Estate Fund 4 reports all material ESG sustainability performance measures, using the EPRA's (European Public Real Estate Association) latest recommendations: Best Practice Recommendations on Sustainability Reporting, third version September 2017. Additionally, EfTEN Real Estate Fund 4's ESG Report has been prepared with reference to the guidelines developed by the Global Reporting Initiative (GRI).

Emissions factors are sourced from country-specific conversion factors (International Energy Agency) for the appropriate year, such as the UK Government's Conversion Factors for Company Reporting 2022 and 2023. There is no split between absolute and like-for-like measures since all assets were held for the full two-year period from January 1, 2022 to December 31, 2023.

Third Party Validation

This report has been independently assured by a third-party, IHS Markit (now part of S&P Global). The assurance statement can be found at the end of this report.

Disclaimer

This report has been prepared for EfTEN Real Estate Fund 4 for the agreed purpose by EVORA Global Limited. Reasonable professional care has been taken in the development of this report. Our analysis, conclusions and recommendations are based on information provided to us and EVORA cannot be held responsible for the accuracy of this information. We have clearly identified where estimates have been used to provide indicators of performance. Estimates are not a guarantee of current or future performance. Further, EVORA cannot be held liable for any losses or damages incurred by a third party (other than the named client/s) relying on the contents of, or recommendations made in, this report. Such third parties should obtain independent advice in relation to the conclusions set out in this report.

CLOSING STATEMENTS continued

Environmental Sustainability Performance Measures

The EPRA sBPR compliance table below gives an overview of the EPRA sustainability performance measures that the Fund is able to report on.

EPRA Sustainability Performance Measures		Portfolio	Corporate Office	Where measure is reported (pages)
Elec-Abs	Total electricity consumption	✓	✗	36
Elec-LfL	Like-for-like total electricity consumption	✓	✗	36
Dh&C-Abs	Total district heating & cooling consumption	✓	✗	36
DH&C-LfL	Like-for-like total district heating & cooling consumption	✓	✗	36
Fuels-Abs	Total fuel consumption	✓	✗	36
Fuels-LfL	Like-for-like total fuel consumption	✓	✗	35
Energy-Int	Building energy intensity	✓	✗	37
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	✓	✗	38
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	✓	✗	38
GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption	✓	✗	38
Water-Abs	Total water consumption	✓	✗	39
Water-LfL	Like-for-like total water consumption	✓	✗	39
Water-Int	Building water intensity	✓	✗	39
Waste-Abs	Total weight of waste by disposal route	✓	✗	40
Waste-LfL	Like-for-like total weight of waste by disposal route	✓	✗	40
Cert-Tot	Type and number of sustainably certified assets	✓	✗	40

Key: ✓ Fully reported ✗ Not reported **N/A** Not Applicable

CLOSING STATEMENTS continued

Environmental Sustainability Performance Measures

The EPRA sBPR compliance table below gives an overview of the EPRA sustainability performance measures that the Fund is able to report on.

EPRA Sustainability Performance Measures		Portfolio	Corporate Office	Where measure is reported (pages)
Elec-Abs	Total electricity consumption	✓	✗	36
Elec-LfL	Like-for-like total electricity consumption	✓	✗	36
Dh&C-Abs	Total district heating & cooling consumption	✓	✗	36
DH&C-LfL	Like-for-like total district heating & cooling consumption	✓	✗	36
Fuels-Abs	Total fuel consumption	✓	✗	36
Fuels-LfL	Like-for-like total fuel consumption	✓	✗	35
Energy-Int	Building energy intensity	✓	✗	37
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	✓	✗	38
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	✓	✗	38
GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption	✓	✗	38
Water-Abs	Total water consumption	✓	✗	39
Water-LfL	Like-for-like total water consumption	✓	✗	39
Water-Int	Building water intensity	✓	✗	39
Waste-Abs	Total weight of waste by disposal route	✓	✗	40
Waste-LfL	Like-for-like total weight of waste by disposal route	✓	✗	40
Cert-Tot	Type and number of sustainably certified assets	✓	✗	40

Key: ✓ Fully reported ✗ Not reported N/A Not Applicable

CLOSING STATEMENTS continued

Social and Governance Sustainability Performance Measures

The EPRA sBPR compliance table below gives an overview of the EPRA sustainability performance measures that EftEN Fund 4 is able to report on.

EPRA Social Performance Measures		Portfolio	Corporate Office	Where measure is reported (pages)
Diversity-Emp	Employee Gender Diversity	N/A	✓	42
Diversity-Pay	Gender Pay Ratio	N/A	✗	
Emp-Training	Employee training and development	N/A	✓	43
Emp-Dev	Employee performance appraisals	N/A	✓	43
Emp-Turnover	New hires and turnover	N/A	✗	
H&S-Emp	Employee Health and Safety	N/A	✓	44
H&S-Asset	Asset Health and Safety assessments	N/A	✗	
H&S-Comp	Asset Health and Safety Compliance	N/A	✓	44
Comty-Eng	Community engagement, impact assessments and development programs	N/A	✗	
EPRA Governance Performance Measures				
Gov-Board	Composition of the highest governance body	N/A	✓	45
Gov-Selec	Process for nominating and selecting the highest governance body	N/A	✓	45
Gov-Col	Process for managing conflict of interest	N/A	✓	45

CLOSING STATEMENTS continued

		2023		2022		
Energy reported in mWh		Total consumption	Coverage	Total consumption	Coverage	Trend
Elec-Abs Elec-LfL	The Fund obtained electricity	19,738	100%	22,267	100%	-11%
	Proportion of electricity from renewable sources	69%	N/A	70%	N/A	-1%
	% of electricity estimated	0%	N/A	0%	N/A	N/A
DH&C-Abs DH&C-LfL	The Fund obtained district heating	3,892	100%	3,831	100%	+2%
	Proportion of DH from renewable sources	N/A	N/A	N/A	N/A	N/A
	% of district heating and cooling estimated	0%	N/A	0%	N/A	N/A
Fuels-Abs Fuels-LfL	The Fund obtained fuels (natural gas)	3,840	100%	4,142	100%	-7%
	Proportion of electricity from renewable sources	N/A	N/A	N/A	N/A	N/A
	% of fuels estimated	0%	N/A	0%	N/A	N/A

CLOSING STATEMENTS continued

		2023		2022		
Energy reported in mWh		Total consumption	Coverage	Total consumption	Coverage	Trend
Energy	Total energy consumption from all assets	27,469	100%	30,241	100%	-9%
Building energy intensity reported in kWh/sqm/year) - GIA						
Energy-Int	Building energy intensity for all EfTEN obtained energy	77	100%	85	100%	-9%

Data coverage

No estimations required for 2022 and 2023. 100% data coverage by floor area and time has been provided by each asset.

Narrative on performance

Total energy consumption decreased by 9%. This is due to implementation of saving measures, milder weather conditions and some tenants used less energy due the large increase in prices.

CLOSING STATEMENTS continued

		2023		2022		
GHG reported in tCO2e		Total consumption	Coverage	Total consumption	Coverage	Trend
GHG Dir- Abs GHG-Dir-LfL	Direct GHG Emissions (GHG Protocol Scope 1)	67	100%	16	100%	+312%
GHG-Indir- Abs GHG- Indist-LfL	Indirect GHG Emissions (GHG Protocol Scope 2, location based)	1,734	100%	1,853	100%	-5%
	Indirect GHG Emissions (GHG Protocol Scope 3)	1,375	100%	1,637	100%	-15%
GHG Emissions	Total GHG emissions from all assets	3,176	100%	3,496	100%	-9%
GHG intensity reported in tCO2e/sqm/year) - GIA						
GHG-Int	Building GHG intensity	9	100%	10	100%	-9%

Data coverage

No estimations required for 2022 and 2023. 100% data coverage by floor area and time has been provided by each asset.

Narrative on performance

Total greenhouse gas emissions have decreased. We are committed to reducing GHG emissions and we are working with our tenants to decrease the emissions. We have developed a Net Zero Carbon roadmap which guides us on best reduction practices.

CLOSING STATEMENTS continued

		2023		2022		
Water reported in m3		Total consumption	Coverage	Total consumption	Coverage	Trend
Water-Abs Water-LfL	Water consumption	52,011	100%	43,634	100%	+19%
Building water intensity (m3/sqm,/year) - GIA						
Water-Int	Building water intensity	0.15	100%	0.12	100%	+19%

Data coverage

No estimations required for 2022 and 2023. 100% data coverage by floor area and time has been provided by each asset.

Narrative on performance

Total water consumption increased by 19%. As landlord, we cannot directly control water consumption of our tenants, but we encourage them to decrease the consumption of water.

CLOSING STATEMENTS continued

		2023		2022		
Waste reported in tonnes		Total consumption	Coverage	Total consumption	Coverage	Trend
Waste -Abs Waste -LfL	Recycled	1515	100%	1202	100%	+26%
	Incinerated	12	100%	432	100%	-97%
	Composted	2	100%	2	100%	0%
	Landfilled	1029	100%	952	100%	+8%
	Total waste	2557	100%	2587	100%	-1%

Data coverage

No estimations required for 2022 and 2023. All data have been provided.

Narrative on performance

As landlord, we cannot directly control waste disposal of our tenants, but we encourage them to increase the recycling rates and decrease the amount of waste sent to landfill.

In 2023, 59% of all our waste was recycled and 41% was sent to landfill or incinerator.

CLOSING STATEMENTS continued

		2023		2022	
Type and number of sustainably certified assets		Number of certified properties	Coverage	Number of certified properties	Coverage
Cert-Tot Mandatory	EU Energy Performance Certificate (EPC)	11	100%	11	100%
Cert-Tot Voluntary	BREEAM	11	100%	11	100%

Data coverage

No estimations required for 2022 and 2023. All data have been provided.

Narrative on performance

All assets hold mandatory EPC and voluntary BREEAM (Building Research Establishment Environmental Method) certificates. 82% of assets have BREEAM In Use and 18% BREEAM In Design in both 2022 and 2023.

CLOSING STATEMENTS continued

			2023		2022	
EPRA code	Unit of measure	Indicator	Female	Male	Female	Male
Diversity-Emp	% of male and female	Executive management	33%	67%	50%	50%
		All employees	71%	29%	66%	34%

Narrative on performance

The Fund is fully committed to promoting gender equality and diversity in all its aspects.

CLOSING STATEMENTS continued

EPRA code	Unit of measure	2023	2022
Emp-Training	Average number of hours of training	445	264
Emp-Dev	% of total employees who received regular performance and career development reviews	100%	100%

Narrative on performance

We know how highly dependent we are on the skills and commitment of our employees. We are committed to delivering training and we regularly give performance and career development reviews to all our employees. 100% of our employees received the training and regular performance and career development reviews in both 2022 and 2023.

CLOSING STATEMENTS continued

EPRA code	Unit of measure	2023	2022
H&S-Emp	Number of Injury rate, lost day rate , absentee rate and work-related fatalities	0	0
H&S-Comp	Number of incidents of non-compliance with regulations and/or voluntary standards	0	0

Narrative on performance

EfTEN Real Estate Fund 4 is committed to providing safe facilities to everyone. Health & safety requirements are regularly assessed by the Property Managers to guarantee that health & safety rules are followed and respected.

EEfTEN Real Estate Fund 4 has not identified any non-compliance with regulator and/or voluntary standards.

CLOSING STATEMENTS continued

EPRA code	Unit of measure	Indicator	2023	2022
Gov-Board	Total numbers	Number of executive board member	3	5
		Number of independent/non-executive board members	5	5
		Average tenure on the governance body	10.2	14.6
		Number of independent/non-executive board members with competencies relating to environmental and social topics	0	0

Narrative on performance

The Executive Board has the highest regard to corporate governance and it is responsible for managing all business operations and reviewing all decision making.

Nominating and selecting the highest governance body

According to the articles of association, the term of office of members of the supervisory board is 5 years. Re-election is allowed. So, 4 members of the supervisory board have been members of the supervisory board of the management company since the foundation of the management company.

The election of members of the Supervisory Board is by the decision of the shareholders, i.e. all shareholders are involved. All supervisory board members are well-known entrepreneurs in Estonia, from different fields. No member of the supervisory board is involved in the day-to-day economic activities of the management company or EREF 4.

Process for managing conflicts of interest

In EfTEN Capital AS, the internal procedure for managing conflicts has been approved: Procedure for avoiding conflicts of interest. Supervisory board members don't participate in the management company's day-to-day operations.

Supervisory board members shall submit a declaration of economic interests at least once a year to the compliance, which is also checked by the internal auditor.

EfTEN Capital AS has 11 shareholders. No member of the Supervisory Board has a controlling interest.

Transactions between related parties are published in the fund's annual report.

CLOSING STATEMENTS continued

GRI Reference Table

GRI Disclosure	Description	Where measure is reported (pages)
102-1	Name of the organization	3
102-3	Location of headquarters	3
102-5	Ownership and legal form	3
102-12	External initiatives	7
102-18	Governance structure	45
102-22	Composition of the highest governance body and its committees,	45
102-24	Nominating and selecting the highest governance body	45
102-25	Conflicts of interest	45
102-47	List of material topics	8
102-50	Reporting period	3
102-51	Date of most recent report	3
102-52	Reporting cycle	3
102-53	Contact point for questions regarding the report	3
102-55	GRI content index	46-47
102-56	External assurance	33

CLOSING STATEMENTS continued

GRI Reference Table

GRI Disclosure	Description	Where measure is reported (pages)
302-1	Energy consumption within the organization	36
302-3	Energy intensity	37
305-1	Direct (Scope 1) GHG emissions	38
305-2	Energy indirect (Scope 2) GHG emissions	38
305-3	Other indirect (Scope 3) GHG emissions	38
305-4	GHG emissions intensity	38
303-5	Water consumption	39
306-3	Waste generated	40
306-4	Waste diverted from disposal	40
306-5	Waste directed to disposal	40
405-1	Diversity of governance bodies and employees	44
404-1	Average hours of training per year per employee	43
403-9	Work-related injuries	44
403-10	Work-related ill health	44
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	44

ASSURANCE SUMMARY STATEMENT



EVORA Global Ltd. (“EVORA”) was engaged by Usaldusfond EfTEN Real Estate Fund 4 to provide assurance of the Environmental sustainability performance measures of their 2023 ESG Report for the reporting period of 1st Jan 2022 to 31st Dec 2023.

The assurance was provided in accordance with AccountAbility’s AA1000 Assurance Standard V3 (AA1000AS) Type 2 moderate level and EPRA Best Practice Recommendations for Sustainability Reporting (sBPR) 2017 3rd Edition. EVORA’s scope of assurance covered a series of indicators and assertions contained in the report including:

- Absolute:
 - Electricity Consumption (mWh)
 - District Heating/cooling (mWh)
 - Fuels Consumption (mWh)
 - Water Consumption (m³)
 - Greenhouse Gas (GHG) Emissions (tCO₂e)
 - Waste (tonnes)
- Intensity Calculations:
 - Energy (kWh / m²)
 - GHG (tCO₂e/m²)
 - Water (m³/m²)
- Alignment check of EfTEN Real Estate Fund 4’s reporting against EPRA sBPR Guidelines 2017 across all the performance measures.

The assurance was conducted via independent third party Markit Group Limited (IHS Markit, now part of S&P Global), engaged by EVORA.

EVORA’s full assurance statement includes certain limitations, findings and recommendations for improvement, adherence to AA1000 Accountability Principles, and a detailed assurance methodology.



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