

## **Paziņojums par ieguldījumu lēmumu galveno nelabvēlīgo ietekmi uz ilgtspējas faktoriem<sup>1</sup>**

**Finanšu tirgus dalībnieks: SIA SG Capital Partners AIFP, 40103946854**

### **Kopsavilkums:**

SIA SG Capital Partners AIFP (reģistrācijas numurs: 40103946854) apsver savu ieguldījumu lēmumu galveno negatīvo ietekmi uz ilgtspējas faktoriem.

Šis paziņojums ir uzņēmuma līmeņa paziņojums par SIA SG Capital Partners AIFP un tā pārvaldīto fondu (1) SG Capital Partners Fund I, KS (ar meitas uzņēmumiem SIA Nordo, SIA Skanstes City and SIA SG Capital Partners 1) un SG Capital Partners Sustainable Forest and Land Fund I, KS (ar meitas uzņēmumu SIA SG Capital Meža Fonds) galveno negatīvo ietekmi uz ilgtspējas faktoriem.

Šis paziņojums par galveno negatīvo ietekmi uz ilgtspējas faktoriem attiecas uz pārskata periodu no 2022. gada 1.janvāra līdz 31.decembrim.

SIA SG Capital Partners AIFP pārvalda fondu SG Capital Partners Fund I, KS, kas veic ieguldījumus nekustamajos īpašumos un SG Capital Partners Sustainable Forest and Land Fund I, KS, kas veic ieguldījumus veikt ieguldījumus meža zemēs. Abi ņem vērā būtiskākās nelabvēlīgās ietekmes.

Galvenās apsvērtās nelabvēlīgās ietekmes ir apkopotas turpmāk:

#### **1. SG Capital Partners Fund I KS (Article 8 fonds) uzskata, ka galvenās nelabvēlīgās ietekmes, kas attiecas uz ieguldījumiem nekustamajā īpašumā, ir šādas:**

- Indikators – Fosilais kurināmais
- Indikators – Energoefektivitāte

Pamatojoties uz fonda ietekmes būtiskuma novērtējumu ilgtspējas stratēģijas izstrādes gaitā, SG Capital Partners Fund I KS papildus ņem vērā 2 klimata un citi ar vidi saistīti papildu rādītājus, kas piemērojami ieguldījumiem nekustamajā īpašumā:

- SEG emisijas
- Enerģijas patēriņa intensitāte

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<sup>1</sup> Paziņojums par ieguldījumu lēmumu būtiskāko negatīvo ietekmi uz ilgtspējas faktoriem atspoguļo neauditētus datus

## **2. SG Capital Partners Sustainable Forest and Land Fund I KS (Article 9 fonds) uzskata, ka galvenās nelabvēlīgās ietekmes ir sekojošas:**

Tā kā nav attiecīgu piemērojamo galveno negatīvās ietekmes rādītāju, kas atspoguļotu fonda darbības veidu, kas paredzēts Regulatīvo tehnisko standartu ((ES) 2022/1288) I pielikumā. Galvenās apsvērtās un atklātās negatīvās ietekmes uz fondu tika noteiktas, pamatojoties uz fonda ietekmes būtiskuma novērtējumu fonda ilgtspējas stratēģijas izstrādes laikā.

- SEG emisijas
- Dabas apdraudējumu iedarbība
- Pakļaušana klimata riskiem
- Ilgtspējīga meža apsaimniekošanas prakse
- Veselība un drošība
- Cilvēktiesības, darba tiesību pārkāpumi piegādes ķēdē
- Mežu platība aizsargājamās teritorijās

Plašāks apjoms ar SIA SG Capital Partners AIFP un to pārvaldīto fondu ilgtspējas rādītājiem tiek apsvērti un tiks regulāri atklāti šajā *Paziņojumā par ieguldījumu lēmumu būtiskāko negatīvo ietekmi uz ilgtspējas faktoriem, kā arī Periodiskajā ziņojumā par vides un sociālajiem raksturlielumiem*<sup>2</sup>.

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<sup>2</sup>Periodiskais ziņojums par vides un sociālajiem raksturlielumiem tiek sagatavots un atklāts saskaņā ar Eiropas Parlamenta un Padomes regulu (ES) 2019/2088 (2019.gada 27.novembris) par informācijas atklāšanu, kas saistīta ar ilgtspēju, finanšu pakalpojumu nozarē 11.pantu

## Statement on principal adverse impacts of investment decisions on sustainability factors<sup>3</sup>

**Financial market participant:** SIA SG Capital Partners AIFP, 40103946854

### Summary

SIA SG Capital Partners AIFP (registration number: 40103946854) considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the entity level statement on principal adverse impacts on sustainability factors of SIA SG Capital Partners AIFP and its managed fund's (1) SG Capital Partners Fund I,KS (with subsidiaries *SIA Nordo*, *SIA Skanstes City* and *SIA SG Capital Partners I*) and SG Capital Partners Sustainable Forest and Land Fund I,KS (with subsidiary *SIA SG Capital Meža Fonds*).

This statement on principal adverse impacts on sustainability factors covers the reference period January 1 until 31 December of the year 2022.

SIA SG Capital Partners AIFP manages SG Capital Partners Fund I, KS, which invests in real estate and SG Capital Partners Sustainable Forest and Land Fund I, KS, which invests in forest lands. Both of which consider principal adverse impacts. The principal adverse impacts considered are summarised below.

**1. SG Capital Partners Fund I KS (Article 8 fund) considers principal adverse impacts applicable to investments to real estate assets which are as follows:**

- Indicator - Fossil fuels
- Indicator - Energy efficiency

Based on the materiality assessment of the fund's impacts during the development of the fund's sustainability strategy, the SG Capital Partners Fund I KS additionally considers 2 Additional climate and other environment-related indicators applicable to investments to real estate:

- GHG emissions
- Energy consumption intensity

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<sup>3</sup> Statement on principal adverse impacts of investment decisions on sustainability factors reflects unaudited data

**2. SG Capital Partners Sustainable Forest and Land Fund I KS (Article 9 fund) considers principal adverse impacts as follows:**

Since there are no relevant applicable principal adverse impact indicators that would reflect the nature of the fund's activities provided in Annex I of the Regulatory Technical Standards ((EU) 2022/1288). The principal adverse impacts considered and disclosed for the fund were identified based on the materiality assessment of the fund's impacts during the development of the fund's sustainability strategy.

- GHG emissions
- Exposure to natural hazards
- Exposure to climate risks
- Sustainable forest management practices
- Health and safety
- Human rights, labour rights violations in the supply chain
- Area of forests in protected areas

More sustainability indicators are considered for SIA SG Capital Partners AIFP and its managed funds and they will be regularly disclosed in the *Statement on principal adverse impacts of investment decisions on sustainability factors*, as well as in *Periodic report on environmental and social characteristics*<sup>4</sup>.

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<sup>4</sup> *Periodic report on environmental and social characteristics* is prepared and disclosed in accordance with Article 11 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

**Description of the principal adverse impacts on sustainability factors**

<b>Indicators applicable to investments in real estate assets</b>						
<b>Adverse sustainability indicator</b>		<b>Metric</b>	<b>Impact [year 2022]</b>	<b>Impact [year 2021]</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Fossil fuels	1. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	n/a	There were no assets in the portfolio of SG Capital Partners Fund I, KS that were involved in the extraction, storage, transport or manufacture of fossil fuels.	The SG Capital Partners Fund I, KS shall maintain the 0% share of investments in real estate assets exposed to fossil fuels as it is included as an exclusion in SG Capital Partners AIFP ESG due diligence policy.
Energy efficiency	2. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	32,61%	n/a	All buildings in the portfolio of SG Capital Partners Fund I, KS were acquired in fund's activities were built before 31/12/2020. 67,39% of investments based on Gross Asset Value were attributed to the buildings with energy performance class B, A or A+.	The SG Capital Partners Fund I, KS aims to reduce the share of investments in energy-inefficient real estate assets since there are energy intensity reduction targets set in the fund's sustainability strategy and the fund seeks to develop energy consumption reduction plan that shall be

					The remaining buildings have energy performance class not lower than C.	aimed at achieving the following targets and identify feasible dates as milestones for the targets: <ul style="list-style-type: none"> <li>• Commercial assets (Office type)- 150 kWh/m2</li> <li>• Industrial assets (Warehouses) - 49 kWh/m2</li> </ul>
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**Other indicators for principal adverse impacts on sustainability factors**

**REAL ESTATE ASSETS**

<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors</b>	<b>Metric</b>	<b>Impact [year 2022]</b>	<b>Impact [year 2021]</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions generated by real estate assets	1067,6 tCO <sub>2</sub> eq.	n/a	Scope 1 data was calculated for the whole building portfolio of SG Capital Partners Fund I, KS using Carbon Risk Real Estate Monitor tool version v2.02. Scope 1 emissions were generated from the	The SG Capital Partners Fund I, KS has set GHG emission management targets in the fund's sustainability strategy. The fund aims to reduce its portfolio's climate footprint by ensuring that the Scope 1 of the whole

					consumption of natural gas in the buildings.	portfolio is maintained the same as in the baseline year 2022. The fund shall develop an GHG management plan, also has supporting targets such as: <ul style="list-style-type: none"> <li>• 280 kW of photovoltaic panels are installed by 2025 to ensure energy production from renewable sources</li> </ul>
		Scope 2 GHG emissions generated by real estate assets	1020,6 tCO <sub>2</sub> eq.	n/a	Scope 2 data was calculated for the whole building portfolio of SG Capital Partners Fund I KS using Carbon Risk Real Estate Monitor tool version v2.02. Scope 2 emissions related with grid electricity usage in buildings.	The SG Capital Partners Fund I KS has set GHG emission management targets in the fund's sustainability strategy. The fund aims to reduce its portfolio's climate footprint by ensuring that the Scope 2 of the whole portfolio is maintained the same as in the baseline year 2022. The fund shall develop an GHG management plan, also has supporting targets such as: <ul style="list-style-type: none"> <li>• to ensure that 100% of electricity is sourced from renewable sources</li> <li>• Procured energy consumption</li> </ul>

						intensity is reduced to the targets indicated under energy efficiency principal adverse impacts
		Scope 3 GHG emissions generated by real estate assets	432 tCO <sub>2</sub> eq.	n/a	Scope 3 data was calculated for the whole building portfolio of the SG Capital Partners Fund I KS using GHG Protocol Scope 3 evaluator tool. The relevant categories included in the calculations were as follows: <ul style="list-style-type: none"> <li>- Purchased goods and services</li> <li>- Waste generated in operations</li> <li>- Employee commuting</li> <li>- Upstream leased assets</li> </ul>	The SG Capital Partners Fund I KS has committed in the fund's sustainability strategy to ensure that the Scope 3 emissions of the whole portfolio is regularly monitored and reported and that the reduction plan is developed if deemed necessary.
		Total GHG emissions generated by real estate assets	2520,2 tCO <sub>2</sub> eq.	n/a	-	The SG Capital Partners Fund I KS has committed in the fund's sustainability strategy to develop GHG management plan to ensure that the increase in GHG emissions is prevented.



Energy consumption	2. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0,00187694 GWh/m <sup>2</sup>	n/a	The energy consumption intensity was calculated from the whole building portfolio.	<p>The SG Capital Partners Fund I, KS has committed in the fund's sustainability strategy to reduce energy consumption from non-renewable energy sources and meet the following targets:</p> <p>Maintain efficient like-for-like procured energy consumption for office buildings up to 150 kWh/m<sup>2</sup> (0,00015 GWh/m<sup>2</sup>).</p> <ul style="list-style-type: none"> <li>• Maintain efficient like-for-like procured energy consumption for industrial buildings up to 49 kWh/m<sup>2</sup> (0,000049 GWh/m<sup>2</sup>)</li> <li>• Ensure that all electricity would be procured from renewable resources</li> <li>• By 2025 achieve on-site energy production from renewable resources by installing 280 kW photovoltaic panels</li> </ul>
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None of the additional indicators listed in Regulatory Technical Standards Annex I Table 3 are applicable to investments into real estate assets. However, the SG Capital Partners Fund I KS has committed in the fund’s sustainability strategy to social objectives such as ensuring satisfactory conditions for tenants and building visitors and monitoring tenant NPS and satisfaction rates. The progress on this indicators shall be disclosed in the future sustainability reports for the reporting year 2023.

**FOREST INVESTMENTS**

<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors</b>	<b>Metric</b>	<b>Impact [year 2022]</b>	<b>Impact [year 2021]</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>	
GHG emissions	1. GHG emissions	Scope 1 emissions	1	0	n/a	No adverse impacts were generated as no Scope 1 emissions generated by investments into forest assets.	The SG Capital Partners Sustainable Forest and Land Fund I, KS has committed in its sustainability strategy to ensure positive portfolio impact on the environment, therefore, to ensure that no adverse impacts are generated in terms of Scope 1 GHG emissions and to maintain forest practices to secure carbon removals and storage of the forest assets.
		Scope 2 emissions	2	0	n/a	No adverse impacts were caused as no Scope 2	

					emissions generated by investments into forest assets.	committed in its sustainability strategy to ensure positive portfolio impact on the environment, therefore, to ensure that no adverse impact is generated in terms of Scope 2 GHG emissions and to maintain forest practices to secure carbon removals and storage of the forest assets.
		Scope 3 emissions	173 tCO <sub>2</sub> eq.	n/a	Scope 3 data was calculated for the SG Capital Partners Sustainable Forest and Land Fund using GHG Protocol Scope 3 evaluator tool. The relevant categories included in the calculations were as follows: <ul style="list-style-type: none"> <li>- Purchased Goods and Services</li> <li>- Waste generated in operations</li> <li>- Employee commuting</li> <li>- Upstream leased assets</li> </ul>	The SG Capital Partners Sustainable Forest and Land Fund I,KS has committed in its sustainability strategy to ensure that the Scope 3 emissions of the whole portfolio is regularly monitored and reported and that the reduction plan is developed, if deemed necessary.
Exposure to natural hazards	2. Damages due to hazardous incidents	Financial damages due to incidents caused by natural hazards in the forest assets, EUR	0 EUR	n/a	No damages were detected due to natural hazards in the forest assets. The natural hazards include but are not limited to the ones defined in the Technical report No 13/2010 of European	The SG Capital Partners Sustainable Forest and Land Fund I,KS in its sustainability strategy has committed to secure and maintain forest resilience to hazards with minimal

					Environmental Agency “Mapping the impacts of natural hazards and technological accidents in Europe”: <ul style="list-style-type: none"> <li>- Storms</li> <li>- Extreme temperature event Forest fires</li> <li>- Water scarcity and droughts, Floods</li> <li>- Landslides</li> </ul>	negative impact on the environment, therefore, ensures monitoring and reporting of financial damages caused by hazards in the forests.
Exposure to climate risks	3. Forests vulnerable to Climate risks	% of forests by area under management that are exposed to high climate change physical risks	To be assessed in 2023	n/a	No data available for the reporting year 2022. The assessments shall be carried out for the reporting year 2023.	The SG Capital Partners Sustainable Forest and Land Fund I,KS in its sustainability strategy has committed to ensure positive portfolio impact on the environment and that entails monitoring and preventing climate physical risks via implementation of adaptation measures identified relevant during the climate risk assessment.
Sustainable forest management practices	4. Forest areas in the portfolio without sustainable land use practices	% of forests by area without FSC certification	100%	n/a	In 2022, the FSC certification process was started. SG Capital Partners Sustainable Forest and Land Fund, already in 2022, upon	The SG Capital Partners Sustainable Forest and Land Fund I,KS in its sustainability strategy has committed to ensure sustainable forest

					<p>starting the active operation of the fund, was committed to complying with FSC® (FSC-C182247) principles and criteria (in accordance with SCS Global Services Temporary Forest Management Standard (V4.1 March 2016)), as well as all binding legislation of the Republic of Latvia.</p> <p>All forests have been FSC certified since the reporting year 2023 (on 09 February, 2023)</p>	management practices via FSC certification of forests and management practices.
Health and safety	5. Health and safety incidents	Number of health and safety incidents in forest activities	0	n/a	No health and safety incidents have been detected in the forest activities during the reporting year.	The SG Capital Partners Sustainable Forest and Land Fund I,KS in its sustainability strategy has committed to secure healthy and safe working environment and ensures that via monitoring of health and safety incident monitoring and reporting of suppliers providing forest management services.
Human rights, labour rights violations	6. Human rights violations in the supply chan	Number of identified cases of severe human	0	n/a	No incidents detected and reported in the suppliers' activities.	The SG Capital Partners Sustainable Forest and Land Fund I,KS in its

		rights issues and incidents in the supply chain				sustainability strategy has committed to ensure that business relationships are established with suppliers adhering to ethical standards and managing their sustainability impacts. This is ensured via collaboration with forest management service providers and other actors in the supply chains and monitoring and reporting of the human rights related violations.
	7. Labour rights violations in the supply chan	Number of identified cases of labour rights issues and incidents in the supply chain	0	n/a	No incidents detected and reported in the suppliers' activities.	The SG Capital Partners Sustainable Forest and Land Fund I,KS in its sustainability strategy has committed to ensure that business relationships are established with suppliers adhering to ethical standards and managing their sustainability impacts. This is ensured via collaboration with forest management service providers and other actors in the supply chains and monitoring and reporting

						of the labour rights related violations.
Management of forests in protected areas	8. Area of forests in protected areas	Area of forests in protected areas as defined in the national regulations	229.4 ha (11,94% of the total area of forest lands)	n/a	<p>Protected territories are under special state protection, their area and boundaries are determined by law or Cabinet of Ministers regulations.</p> <p>In the managed territory, SG Capital Partners Sustainable Forest and Land Fund I,KS is continuously ensured that a part of the total area of forest lands is allocated for the primary purpose – nature protection. At least 10% of the total area of forest portfolios is designated as protected areas where commercial forest management is not carried out. Monitoring of natural values is carried out in these areas once every 5 years.</p>	The SG Capital Partners Sustainable Forest and Land Fund I,KS in its sustainability strategy has committed to ensure that the forest portfolio is managed by sustainable forest management practices. Therefore the fund monitors and reports the area of forests that are located in protected areas and ensures that these areas are managed following the requirements of the FSC and with consideration to the needs of the ecosystems and habitats.
	9. Forest cuttings in protected areas	Area of forests cut in protected areas as defined in the national regulations	0 ha	n/a	In all forest areas, only such activities are carried out that are allowed by the state and/or forest management standard requirements.	The SG Capital Partners Sustainable Forest and Land Fund I,KS in its sustainability strategy has committed to ensure that the forest portfolio is managed ensuring sustainable forest

						management practices. Therefore the fund monitors and reports the areas in protected areas and ensures that these areas are managed following the requirements of the FSC and with consideration to the needs of the ecosystems and habitats.
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Moreover, SIA SG Capital Partners AIFP has committed in its own sustainability strategy to manage adverse sustainability impacts including but not limited to:

- to ensure respect for Human rights, secure equality and diversity of employees via regular monitoring of the Human right violations, diversity and gender pay gap of SIA SG Capital Partners AIFP employees.
- To ensure compliance with laws and other internal or external legal acts, contractual commitments via regular monitoring of the number of identified breaches of laws and internal regulations
- Ensure ethical conduction of activities via monitoring the number of identified breaches of employee code of conduct and reporting a share of strategic suppliers who sign third-party code of conduct

The SG Capital Partners shall begin regular reporting of the progress of sustainability strategy implementation for the reporting year 2022 via sustainability reports, where all identified adverse sustainability impacts and progress to achieve sustainability targets will be transparently disclosed.

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

SIA SG Capital Partners AIFP has developed an ESG Due Diligence Policy (approved on 26 January, 2023) that defines the principles of assessing planned investments’ impacts and monitoring the impacts of the actual investments. In accordance with the policy, during the pre-investment phase of ESG due diligence process, SIA SG Capital Partners AIFP assesses principal adverse sustainability impacts by the nature of investment. Moreover, the company identifies and considers additional material principal adverse impacts via materiality analysis carried



out for the relevant funds sustainability strategy and selects additional principal adverse impacts accordingly. The identification is carried out from the list of non-mandatory indicators specified in Regulatory Technical Standards ((EU) 2022/1288), by using impact materiality methodology, that takes into account impact severity and likelihood of occurrence.

SIA SG Capital Partners AIFP identifies and monitors the performance of investments using reliable data that would allow making well-informed decisions about the investments and that could be collected from a variety of reliable sources, e.g. company's stakeholders, reliable public literature such as scientific reports and data from EU or national institutions, media, external specialists or parties connected with the object of investment who have sufficient knowledge on the matter, etc. The responsibility for ensuring functioning process and implementation of those policies lies with a responsible person allocated by the board of the company, company's ESG and Investment committees.

### **Engagement policies**

The SIA SG Capital Partners AIFP sets a principle for managing its impacts via active ownership of the Special Purpose Vehicle companies. That entails monitoring investments, participating in identifying and managing strategic and sustainability issues in accordance to set principles in the Engagement Policy (approved 26 January, 2023), and engaging with fund managing teams or investment/property managers and other key stakeholders to properly manage sustainability issues. If such actions are not possible to achieve the desired result in addressing principal adverse impact on sustainability factors, SIA SG Capital Partners AIFP may consider divesting and if deemed necessary adjusting the Engagement Policy to ensure sufficient management of the principal adverse impacts.

### **References to international standards**

In accordance with the ESG due diligence policy SIA SG Capital Partners AIFP carries out an assessment of the sustainability impacts of the planned investments and monitoring of the occurring investments by ensuring good governance and the implementation of Do No Significant Harm principle and adhering to the following international good practice standards:

1. The OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines)
2. The UN Guiding Principles on Business and Human Rights (UNGPs)
3. The Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work
4. The International Bill of Human Rights

SIA SG Capital Partners AIFP has committed to monitor the breaches of laws and regulations and reporting the violations in annual sustainability reports.

**Historical comparison**

This is the first Principal adverse impact statement that shall be published regularly. Historical comparison of principal adverse impact data shall be published from the reporting year 2023.