



Statement based on Regulation (EU) 2019/2088: Sustainability-related Disclosures in the Financial Services Sector (SFDR)

Version for Website

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Introduction

This document provides a summary of the statements regarding the disclosure requirements, which apply to managers of financial market participants (FMPs), such as Altera Vastgoed N.V. (hereafter: Altera), according to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the ESG Information Regulation, also known as the Sustainable Finance Disclosure Regulation (SFDR)).

The aim of SFDR is to enable the transition to a low-carbon, more sustainable, resource-efficient and circular European economy, which is in line with the SDGs and which is key to ensuring long-term competitiveness of the economy of the European Union. It targets to mobilise capital through both public policies and by means of the financial services sector. Therefore, it aims to sufficiently develop disclosures to end-investors by the harmonisation on the integration of sustainability risks, on the consideration of adverse sustainability impacts, on sustainable investment objectives, and on the promotion of environmental or social characteristics, in investment decision-making and in advisory processes.

This Statement (Version for Website) considers the following elements:

- Transparency of sustainability risk policies on the level of the AIFM (article 3 of the SFDR)
- Transparency of adverse sustainability impacts at entity level (article 4 of the SFDR)
- Transparency of remuneration policies in relation to the integration of sustainability risks at AIFM level (article 5 of the SFDR)

It should be noted that the ESG Notice does not contain information with respect to amendments to the organisational requirements in AIFMD Delegated Regulation and the implementation of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation), for which the implementation requirement date is due on 1 January 2022.

Statement in relation to Article 3: Transparency of sustainability risk policies

Based on Article 3 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on disclosure of information related to sustainable development in the financial services sector, which states that Financial Market Participants publish on their websites information on their strategies for introducing activities of risks to sustainable development in the process of making investment decisions, Altera Vastgoed N.V. presents the strategy in question below.

The Regulation seeks to achieve more transparency regarding how financial market participants and financial advisers integrate sustainability risks into their investment decisions. Where the assessment leads to the conclusion that those risks are relevant, the extent to which those sustainability risks might impact the performance of the financial product should be disclosed either in qualitative or quantitative terms.

Definitions

- "Sustainability risk" means an environmental, social or management situation or conditions which, if it occurs, could have an actual or potential significant negative effect on the value of the investment.
- "Sustainability factors" mean environmental, social and labour issues, human rights issues, and anti-corruption and bribery issues.

Strategy for integration of sustainability risks into the business in the investment decision making process

When making investment decisions, Altera takes sustainability risks into account. If, in the opinion of Altera, the consideration of a sustainability risk in the investment decision process could noticeably reduce the possibility of an event having a significant negative impact on the value of the investment, Altera includes these risks in the investment decision-making process.

Process for integration of sustainability risks into the business in the investment making decision processes

Aligned with the company risk strategy and its risk appetite, Altera has conducted an internal consultation on the sustainability risks that could have an actual or potential significant negative effect on the value of the investments. The sustainability risks that are considered to have such an effect are climate related risks, i.e. transition risks and physical risks (in line with the recommendations of the Taskforce for Climate-related Financial Disclosures) and pandemic risks. Altera does not exclude the possibility that other risks will be included in the risk management process in the future. For the identified risks a designated risk assessment, according to the COSO risk management framework, has been conducted. Different risk response decisions, such as risk avoidance, reduction, sharing and acceptance, have been implemented into investment making decision processes. ESG risks are integrated in the following investment decision processes: in the due diligence in the acquisition phase; in the annually conducted hold/sell analysis of the portfolio, and in the management of the portfolio, including maintenance. The beforementioned internal consultation and the subsequent risk assessments will be repeated annually to keep the ESG risk strategy up-to-date.



Statement in relation to Article 4: Transparency of adverse sustainability impacts at entity level

Based on Article 4 sec. 1 lit. b of the Regulation of the European Parliament and of the Council (EU) 2019/2088 of 27 November 2019 on disclosure of information related to sustainable development in the financial services sector Altera Residential and Altera Retail inform that it does not take into account the principle adverse impact of investment decisions on sustainability and has done so based on the following considerations:

Altera Residential and Altera Retail are at this stage of the implementation of legislation insufficiently able to assess which information requirements need to be met and/or whether the required information is sufficiently available to make a proper and reliable assessment. Altera Residential and Altera Retail intend to investigate how it can take the principle adverse impacts into account when this becomes clearer in due course and further interpretation is given by the legislator.

Statement in relation to Article 5: The integration of ESG risk in the remuneration policy

Based on Article 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on disclosure of information related to sustainable development in the financial services sector, which states that Financial Market Participants publish on their websites information on how sustainability risks are integrated in the company's remuneration policy, Altera Vastgoed N.V. presents the strategy in question below.

The company remuneration policy is established for the purpose of Altera Vastgoed N.V. complying with Article 13 and Annex II of the AIFMD (the Remuneration Rules), in respect of which further guidance is provided in the Guidelines. Currently, sustainability or ESG risks have not been included in the AIFMD-regulations.

Altera addresses and integrates sustainability risks in the following way, as stated in the remuneration policy:

- Remuneration should be consistent with and promote sound and effective risk management; amongst other through: including both financial and non-financial goals in performance and result assessments and including specific goals regarding the mitigation of ESG-risks; and encourage alignment of the risks taken by its staff with those of Altera, the investors of Altera, and not encourage risk taking which is inconsistent with the risk profiles, including ESG risks, rules or instruments of incorporation of Altera.
- Altera use both quantitative (financial) as well as qualitative (non-financial) criteria for assessing individual performance. Board members will be assessed based on individual goals. Other Identified Staff members and employees will be assessed based on the assessment form as incorporated in the Regeling Arbeidsvoorwaarden:
 - at least 50% of the assessment criteria consist of non-financial assessment criteria and include ESG criteria, such as the integration of ESG risks into the investment decisions;
 - examples of qualitative (non-financial) measures which may be used by Altera are the achievement of strategic targets, investor satisfaction, adherence to Risk Management Policy, ESG goals, compliance with internal and external rules, adherence to the mandates, leadership, management, team work, creativity, motivation and cooperation with others business units and with control functions. Such determined qualitative criteria could rely on compliance with risk control measures such as limits and audit results; and
 - quantitative measures should cover a period which is long enough to properly capture the risk of the staff member's actions. Examples of quantitative performance measures which may be used by Altera are property return, fund return, occupancy rate, ESG KPI's.