

Thesan

Art.10 - Transparency of the promotion of environmental and/or social characteristics and the sustainable investments on the websites

Summary

The fund Thesan, established and managed by Prelios SGR, is a closed-end real estate alternative investment fund reserved for investment in logistics sector (the «**Fund**»). The Fund, through its investment strategy, will promote environmental characteristics in accordance with Article 8 of EU Regulation 2088/2019 - SFDR.

The Fund will promote environmental characteristics by investing in real estate, having any use and/or real estate rights, mainly in the logistics sector, located on the Italian territory, also promote its environmental characteristics, in line with the so-called "ESG" (i.e. Environmental, Social and Governance) principles.

For the purposes of promoting the above characteristics, various elements are taken into consideration, such as: (i) negative and positive screening processes, (ii) alignment with the main environmental sustainability protocols such as BREEAM and LEED, (iii) safeguard measures, in the case of supply and/or procurement contracts.

At least 65% of the investments promoted by the Fund are directed toward the achievement of environmental characteristics.

The achievement of each promoted characteristic is monitored and evaluated based on a three macro-step approach:

- ex-ante identification of key metrics (KPIs) associated with the UN SDGs;
- definition of expected targets for the development of the identified KPIs over the holding period of the target investment;
- periodic monitoring (reporting) of sustainability.

Data necessary to assess and monitor the achievement of environmental characteristics are collected, either directly or through third parties, during the due diligence and monitoring process.

The SGR subjects each investment opportunity presented to the Board of Directors or the Chief Executive Officer (where applicable) to ESG due diligence, carried out by the Fund Management structure, with the support of the ESG Advisor.

No sustainable investment objective

This financial product promotes environmental and possibly social characteristics, but does not aim for sustainable investment.

Environmental or social characteristics of the financial product

The Fund will promote environmental features by investing in real estate, having any use and/or real estate rights, mainly in the logistics sector, located in the Italian territory.

The Fund actively contributes through its investment process to the promotion of the following environmental features in accordance with some of the Sustainable Development Goals promoted by the United Nations («**UN SDGs**»), including but not limited to:

- **Environmental:**
 - Reduction of environmental impacts
 - Improving energy efficiency
 - Monitoring the CO₂ footprint resulting from site activities
- **Social:**
 - Where possible and deemed relevant, individual investments may also possibly promote certain social characteristics, such as but not limited to (i) occupant welfare, (ii) accessibility.

Investment strategy

In view of the ESG investment strategies that the Fund adopts, in order to promote environmental characteristics the consideration of sustainability elements will be carried out through:

- ✓ a negative screening process;
- ✓ a positive screening process (provision of sustainability indicators/ KPIs, also based on the SDG's, defining targets for improvement/maintenance);
- ✓ alignment with key environmental sustainability protocols such as BREEAM and LEED;
- ✓ appropriate safeguards, in the case of supply and/or procurement contracts, such as but not limited to: guarantees of good performance, and adherence to timeframes, safeguards in the area of anti-mafia certifications, staffing and occupational safety.

Proportion of investments

At least 65% of the investments promoted by the Fund are directed toward achieving environmental and possibly social characteristics. For the remainder, SGR reserves some flexibility to make investments that do not promote environmental characteristics and that are not aligned with the United Nations Sustainable Development Goals.

Monitoring of environmental or social characteristics

Ongoing monitoring after the completion of a transaction is an essential part of any investment. Data on properties are collected and processed in order to measure the performance of selected KPIs for each investment, identify any anomalies, evaluate any improvement measures:

- during the holding period, on at least an annual basis, periodic monitoring of the environmental and possibly social characteristics promoted is carried out, including

through the collection of data relevant to the evaluation and monitoring of the selected KPIs;

- on an annual basis, in addition, the Funds' management team analyzes the selected KPIs to assess and quantify the relevant performance.

Methodologies for environmental or social characteristics

The achievement of each environmental characteristic will be monitored and evaluated based on a three macro-phase approach, the final results will also be monitored by the Risk Management structure:

- **ex-ante identification of key metrics (KPIs) associated with the UN SDGs:** the SGR identifies and defines ex-ante the main sustainability KPIs associated with the UN SDGs;
- **definition of expected targets for the development of the identified KPIs over the holding period of the target investment:** the SGR Fund Management team formulates ex-ante expectations for the development of the defined KPIs, including investment sustainability assessments in the functional documentation for the approval of each transaction;
- **periodic monitoring (reporting) of sustainability:** the SGR monitors on an ongoing basis the status and development of sustainability metrics based on an annual report.

Data sources and processing

Data needed to assess and monitor the achievement of environmental and/or social characteristics are collected, either directly or through third parties, during the due diligence process. Where possible, external or public databases and sources are also used.

In order to ensure data quality, checks are carried out to identify possible bias. The impact that different sources have on investment decisions is also assessed.

Data are received in different modes of transmission, which can vary from information transmitted by email or received through automated processes. The latter is the mode that is preferred to avoid any form of operational risk or unnecessary human intervention. The data received are placed within internal databases so that they are always available to the Fund for various evaluations. Whenever possible, point-in-time data are always preferred. Limited to sporadic situations where point data are not available, estimation procedures are used, giving adequate disclosure of the proxies used.

Limitations to methodologies and data

The main limitations arising from the methodology for measuring how the environmental characteristics promoted by the financial product are met are that data relevant to measuring KPI performance may not be available. The SGR will find the aforementioned data, possibly including reasonable assumptions, in order to prevent such limitations from affecting how the promoted environmental characteristics of the Fund are met.

Due Diligence

The SGR subjects each investment opportunity presented to the Board of Directors or Chief Executive Officer, where applicable, to ESG due diligence, which is an integral part of the analysis criteria and helps to define the investment through property analysis.

ESG due diligence is carried out by the Fund Management structure with the support of the ESG Advisor.

In order to identify ESG indicators that can be associated with individual investments, responsible investment guidelines ("ESG Guidelines") have been prepared, in which KPIs for the Fund's investments are identified.

Engagement policies

Engagement techniques consist of constructive dialogue with stakeholders to discuss how to manage ESG risks and capture business opportunities associated with sustainability challenges.

The SGR uses a proactive approach focusing on long-term and financially relevant ESG opportunities and risks that may influence the assessment of investment opportunities and the ability to create value. The Fund's primary objective is to create value for investors including through the achievement of KPIs identified at the individual investment level.

Designated reference benchmark

No index has been designated as a benchmark for meeting the environmental or social characteristics promoted by the financial product.