

Eos

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

Synthesis

The fund Eos, established and managed by Prelios SGR, is a closed-end real estate alternative investment fund dedicated to investments in the logistics sector (the "**Fund**"). The Fund, through its investment strategy, will promote environmental and possibly social characteristics, in compliance with good governance practices in accordance with Article 8 of EU Regulation 2088/2019 - SFDR.

The Fund will promote environmental, and possibly social, characteristics by investing in real estate assets, with use and/or real estate rights, mainly in the logistics sector, with the aim of also promoting their environmental characteristics, in line with the so-called 'ESG' (i.e. Environmental, Social and Governance) principles.

Several elements are taken into account for the promotion of the aforementioned characteristics, such as: (i) investments in companies that respect good *governance* practices; (ii) *negative* and *positive screening* processes, (iii) alignment with the main environmental sustainability protocols such as BREEAM and LEED, (iv) safeguard measures, in the case of supply and/or procurement contracts.

At least 65% of the investments promoted by the Fund are aimed at achieving environmental and possibly social characteristics.

The achievement of each promoted characteristic is monitored and evaluated on the basis of a three macro-phase approach:

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

The data needed 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 an 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 at sustainable investment.

Environmental or social characteristics of the financial product

The Fund will promote environmental features by investing in real estate, whatever its intended use and/or real property rights, mainly in the logistics sector, located in Italy.

The Fund actively contributes through its investment process to the promotion of the following environmental and possibly social characteristics in compliance with good governance practices in accordance with some of the UN-sponsored Sustainable Development Goals ("**UN SDGs**"), including but not limited to:

- **Environmental:**
 - Reducing environmental impacts
 - Improving energy efficiency
 - Reducing the CO₂ footprint from construction activity
- **Social:**
 - Where possible and deemed relevant, individual investments may also promote certain social characteristics, such as (i) occupant well-being, (ii) accessibility.

Through the application of the ESG Guidelines in both the investment selection and monitoring phases, the Fund, before making any investment in real estate companies ("**Target Companies**"), carries out analyses of the governance profiles in relation to these companies and includes in the "investable universe" only Target Companies that operate in compliance with good governance practices, assessed on the basis of an internal methodology.

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), as well as to all Target Companies with reference to good governance practices;
- ✓ alignment with leading environmental sustainability protocols such as BREEAM and LEED;
- ✓ appropriate safeguards, in the case of supply and/or procurement contracts, such as: adherence to completion deadlines, proper execution of the works and any other obligations arising from applicable legal provisions, anti-mafia certification as well as documentation proving the regular employment of personnel and compliance with work safety regulations pursuant to applicable pro tempore legislation.

The good *governance* practices of the companies in which the Fund invests are subject to evaluation on the basis of the criteria that the Fund pursues, in particular considering what is stated in Article 2, par 17, under SFDR:



- sound management structures,
- relations with staff,
- staff remuneration,
- compliance with tax obligations.

In particular, the Fund defines a set of indicators for calculating the alignment of Target Companies with the requirements described above, establishing a minimum threshold of 50%.

Share of investments

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

Monitoring of environmental or social characteristics

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

- during the holding period, at least once a year, a periodic monitoring of the environmental and possibly social characteristics promoted is carried out, also through the collection of data relevant to the evaluation and monitoring of the selected KPIs;
- in addition, on an annual basis, the Funds' management team analyses selected KPIs to assess and quantify relative performance, as well as the Target Company's good governance safeguards.

Methodologies related to environmental or social characteristics

The achievement of each environmental characteristic will be monitored and evaluated on the basis of a three macro-phase approach, the final results of which 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 the expected objectives for the development of the KPIs identified during the holding period of the target investment:** the SGR Fund Management *team* formulates *ex-ante* expectations for the development of the defined KPIs, including assessments of the sustainability of the investment in the documentation required for the approval of each transaction;
- **periodic monitoring (*reporting*) of sustainability:** the SGR monitors the status and development of sustainability metrics on an ongoing basis on the basis of an annual *report*.

Sources and processing of data

The 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 the quality of the data, checks are carried out to identify possible biases. The impact of different sources on investment decisions is also assessed.

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

Limitations of methodologies and data

The main limitations arising from the methodology to measure how the environmental and possibly social characteristics promoted by the financial product are met, are represented by the possible lack of availability of relevant data for the purpose of measuring the performance of the KPIs. The SGR will find the aforementioned data, possibly making reasonable assumptions, in order to prevent such limitations from affecting how the environmental and possibly social characteristics promoted by 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 forms an integral part of the analysis criteria and helps to define the investment through the analysis of the properties.

ESG *due diligence* is performed 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') were prepared, in which KPIs for the Fund's investments are identified.

Commitment policies

Engagement techniques consist of a constructive dialogue with stakeholders to discuss how to manage ESG risks and seize 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 by also achieving the KPIs identified at the individual investment level.

Designated Reference Index



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