

Pre-contractual disclosure for financial products within the meaning of Art. 8 SFDR

Product name: ARETE INDUSTRIAL SICAV a.s. Legal entity identifier: 315700R9IHF2HRNBAM23

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
●● Yes	●○ No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes environmental and social characteristics.

From among environmental characteristics, the Fund promotes:

- a. Reduction of energy intensity; efficiency improvements in the use of energy sources; use of renewables;
- b. Reduction in greenhouse gas emissions;
- c. Reduction in the production of waste and promotion of a circular economy; and



- d. Promotion of biodiversity.

From among social characteristics, the Fund promotes:

- a. Health, safety, and wellbeing of employees and tenants; and
- b. Support of local communities.

The Fund also puts emphasis on the implementation of good governance policies, also with respect to its suppliers.

For a more detailed account of the environmental and social characteristics promoted by the Fund, please be referred to Schedule 1 to the ESG strategy. No reference benchmark has been set for the purpose of attaining environmental and social characteristics.

- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The sustainability indicators used for measuring the attainment of environmental or social characteristics reflect the specific aspects of each individual such characteristics.

In the case of environmental characteristics, the indicators under consideration chiefly include:

- a. Proportion of buildings with BREEAM certification;
- b. Proportion of rooftop PV installations;
- c. Proportion to which all buildings within the Fund's portfolio consume electricity produced with fossil fuels;
- d. Volume of direct CO₂ greenhouse gas emissions;
- e. Number of newly planted trees;
- f. Proportion of projects whose sites lie within a nature reserve or include habitats of endangered species; and
- g. Proportion of recycled construction waste.

As to social characteristics, we chiefly follow these indicators:

- a. Findings made in personal interviews with tenants;
- b. Results of tenant satisfaction surveys; and
- c. Results of employee satisfaction surveys.

Detailed information on all sustainability indicators used by the Fund, including the pertinent methodology, can be found in Schedule 1 to the ESG strategy.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The product does not intend to make sustainable investments.

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The product does not intend to make sustainable investments.

--- How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A

--- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

Yes

No

What investment strategy does this financial product follow?

The Fund’s objective is to continuously generate a return on investors’ deposits by making direct investments into real estate, indirect investments into real estate (via real estate holding companies), and extending loans to real estate companies. In accordance with its investment strategy, the fund invests at least 49% of its assets into real estate and real estate holding companies. In this manner, the Fund lets investors participate in the growth of the real estate market and in the revenues of real estate held by the Fund (and by the real estate companies in which the Fund holds interest).

In actual, practice, the Fund focuses exclusively on investments into high-quality manufacturing and logistics properties with stable returns, complemented by new own property development projects designed to boost overall revenues. It manages and develops the properties held by it in a stable manner, with the goal of sustained revenue increase.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Given that the Fund is a financial product within the meaning of Art. 8 SFDR, it analyzes each investment for compliance with its ESG strategy; in so doing, it assesses the potential sustainability risks associated with the investment and determines whether the investment is in accordance with the ESG factors selected by the Fund for the promotion of environmental and social characteristics. Any investment can only be made if it is compatible with the ESG strategy and does not result in a breach of the set ESG factors.

The individual ESG criteria and the methodology are described in Schedule 1 to the ESG strategy.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

No committed minimum rate has been set.

- ***What is the policy to assess good governance practices of the investee companies?***

In identifying suitable investment targets and the execution of investment plans, the Fund takes into account whether the investee adheres to good governance standards. To the extent that the Fund does not avail of internal information on such adherence, it will obtain such information from resources in the public domain.

Also, through engagement policies, the Fund takes influence on real estate holding companies and other companies in which it holds shares, such that these companies will reflect ESG factors in their decision-making and allow the Fund to accomplish its ESG strategy. This Fund takes influence on the companies in which it holds shares by exercising its voting rights and by engaging in an active dialog on sustainability. The unwillingness of a given company to participate in such dialog may give cause to exit from the investment.

Asset allocation describes the share of investments in specific assets.



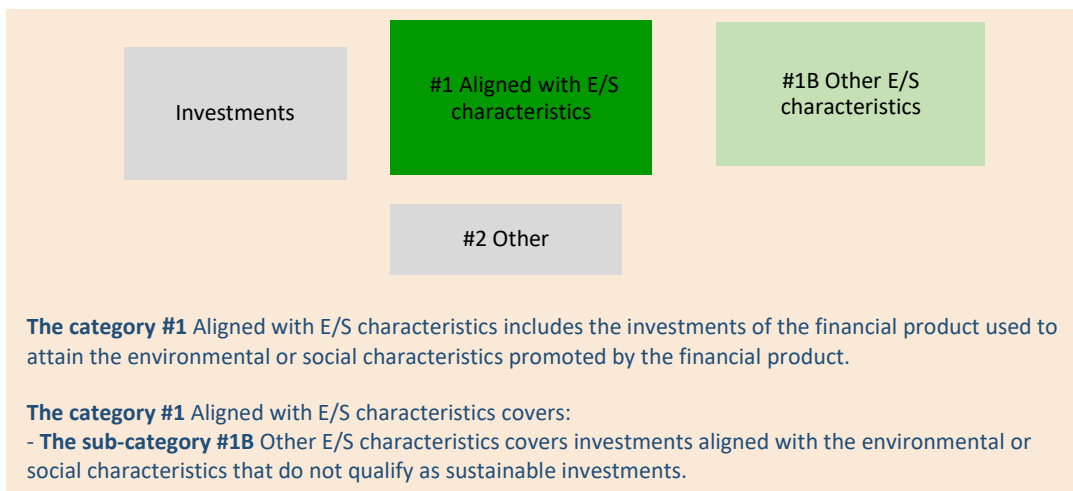
What is the asset allocation planned for this financial product?

The Fund has set no upper or lower boundary for investments promoting environmental or social characteristics.

In terms of their alignment with environmental and social characteristics, the investments made by the Fund fall within the following categories:

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

No derivatives are being used to attain environmental or social characteristics.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Making sustainable investments is not the objective of the product.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Sustainable investments are investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.



Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?

Yes:

In fossil gas In nuclear energy

No

● **What is the minimum share of investments in transitional and enabling activities?**

The product does not pursue the objective of investing into transitional and/or enabling activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The product does not intend to make sustainable investments.



What is the minimum share of socially sustainable investments?

The product does not intend to make sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund follows the set environmental and social characteristics primarily with respect to investments into its key assets – i.e., real estate, real estate holding companies, and credit or other financing for such companies. Items under “#2 Other” include other and supplementary assets into which the Fund may invest in accordance with its Statutes and in whose case environmental and social characteristics are not taken into account (i.e., no check is performed as to minimal environmental and/or social guarantees). These assets include e.g. investment securities, securities issued by investment funds or foreign investment funds, ownership participation in companies other than real estate companies, money market instruments, financial derivatives, cash funds (i.e., as it were, claims for payout of cash funds), or loans provided by the Fund.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

To date, no reference index (benchmark) has been set for ESG activities.

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A

- *How does the designated index differ from a relevant broad market index?*

N/A

- *Where can the methodology used for the calculation of the designated index be found?*

N/A



Where can I find more product specific information online?

The following documents (among others) have been posted on the website of the Management Company (see the link below):

- Fund Statutes
- Disclosure of Key Information
- ESG strategy

More product-specific information can be found on the website:

www.arete.eu