

# Annex II, **SFDR** pre-contractual disclosure

01-2024

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:**

ASR Dutch Farmland Fund (the 'Fund')

**Legal entity identifier:**

724500Q41C88OY4A2N91

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective: \_\_%**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: \_\_%**

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 0%<sup>1</sup> of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

<sup>1</sup> The Fund's investments are not eligible to the screening criteria for sustainable investments under the SFDR and EU Taxonomy.



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

The Fund promotes various environmental and social characteristics which are set out in its ESG policy. The Fund’s vision on Environmental, Social and Governance (ESG) is to accommodate the interests of tenants and investors in the best possible way by creating and maintaining assets that have long-term value from both a financial and a social perspective, and to achieve this in a sound and responsible manner with engaged and aware partners and employees. To work towards these goals, the Fund has developed an Environmental, Social and Governance (ESG) strategy around three themes:

1. Environmental: Dedicated to decarbonisation
2. Social: Making a positive impact on society
3. Governance: Compliant with sustainability regulations

The Fund does not use a formal benchmark to compare its results with those of its peers.

**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 that are used to measure the attainment of the environmental or social characteristics promoted by the Fund are:

Strategic objectives 2024-2026		Target 2024	Target 2026
	<b>Environmental</b>		
	<i>Sustainable productivity and sustainable farmer's income</i>		
	Green leases for new ground lease agreements	≥ 90%	100%
	Green leases for existing agreements	≥ 20%	≥ 30%
	Portfolio contributes to food supply	≥ 80%	≥ 80%
	<i>Reducing greenhouse gas emissions</i>		
	Carbon emission (tons CO <sub>2</sub> -equivalent per hectare)	14.2	13.9
	Nitrogen emission (kg NH <sub>3</sub> per hectare)	38.7	36.8
	Facilitating farmers in execution of CO <sub>2</sub> reduction plan	≥ 10	≥ 20
	Nitrogen emission reduction strategy	Design plan	Execute plan
	<i>Adapting and building resilience to climate change and improve biodiversity</i>		
	Climate adaptation - landscape elements (# of projects / year)	≥ 10	≥ 20
Agricultural land available for the development of sustainable initiatives and alternative crops (# hectares)	100	250	
	<b>Social</b>		
	<i>Community &amp; tenants</i>		
	Tenant satisfaction rating (score out of 10)	≥ 7.5 / 10	≥ 7.5 / 10
	Facilitate young farmers (# of hectares new young farmers ground leases / year)	200	250
	<i>Our employees</i>		
	Employee satisfaction rating (eMood® score)	≥ 7.5 / 10	≥ 7.5 / 10
	Personal development		
	- Training (% of annual salaries)	≥ 1%	≥ 1%
	- Sustainable employability (% of annual salaries)	≥ 1%	≥ 1%
	Health & well being (eMood® vitality score)	≥ 7.5	≥ 7.5
Diversity, equity & inclusion	Execute policy	Execute policy	
	<b>Governance</b>		
	Sound business practices	✓	
	Alignment with sustainability guidelines - SDGs	✓	✓

Note: whilst the Management Company will make reasonable efforts to achieve the strategic objectives as set forth above, no guarantee can be given that the strategic objectives can be realised. Due to various risks and uncertainties, actual results may differ materially from the strategic objectives set forth above.

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

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.

● **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 Fund promotes one of the climate and environmental objectives as included in article 9 of the Taxonomy Regulation, being the objective 'climate mitigation'. The Fund promotes this objective in its underlying investments, by promoting the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement. The Fund has activities for which low carbon alternatives are not yet available but is dedicated to measure, report on and reduce the emissions from the portfolio. The objectives as presented in the table above go beyond carbon emissions only. These strategic ESG objectives are part of every investment decision the Fund makes.

● **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?**

To ensure that the sustainable investment in which it invests do no significant harm to any environmental or social objective, various environmental or social sustainability related subjects are monitored, more specifically the indicators for adverse impacts on sustainability factors applicable to real estate assets.

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

a.s.r. real estate considers principal adverse impacts on sustainability factors as per its ESG Policy by measuring and monitoring the negative impact on sustainability factors.

The adverse impact indicators on sustainability factors that we consider are aligned with our ESG Policy and strategic areas of interest and are chosen taking into account materiality, data quality and availability. The following principal adverse impacts are taken into consideration in this statement for investments in real estate assets:

- i) Exposure to fossil fuels through real estate assets;
- ii) Exposure to energy-inefficient real estate assets;
- iii) Greenhouse gas emissions and energy consumption intensity.

These specific indicators for adverse impacts on sustainability factors have been taken into account in the following manner:

i) **Exposure to fossil fuel through real estate assets**

Real estate suitable for the extraction, storage, transport or manufacture of fossil fuels does not fit the investment strategy of a.s.r. real estate, thus are excluded from investment by a.s.r. real estate. As a.s.r. real estate does not manage real estate suitable for the extraction, storage, transport or manufacture of fossil fuels it does not have any exposure to fossil fuels through real estate assets.

ii) **Exposure to energy inefficient real estate assets**

a.s.r. real estate aims to minimize its exposure to energy inefficient real estate assets. This is done by monitoring and setting improvement targets. We use Vabi EPA NTA 8800 to determine the energy labels of the real estate assets under management. These labels are registered in our administration system, after which the progress of improving the number of labels/certificates is monitored from this system.

iii) **Greenhouse gas emission and energy consumption intensity**

a.s.r. real estate aims to minimize its greenhouse gas emission and energy consumption intensity. This is done by setting monitoring and setting improvement targets.

Coinciding with its Paris Proof target, the Fund has set the objective to reduce its GHG emissions, measured in tons of CO<sub>2</sub>-equivalent per hectare, achieving a significant reduction of GHG emission. The Fund has set ambitious objectives to reduce emissions in its portfolio, even more ambitious than the objectives mentioned in the national Climate Agreement for the agriculture sector as presented by the Dutch Ministry of Agriculture, Nature and Food Quality.

The consumption data is the basis for determining the energy consumption intensity and greenhouse gas emissions. Energy consumption and greenhouse gas emissions are calculated and reported in accordance with GRI-standards

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

The Fund is committed to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. As such, a.s.r. real estate has implemented policies, processes and procedures to ensure alignment with aforementioned guidelines which are continuously improved.



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

Yes,

The Fund considers principal adverse impacts on sustainability factors by drawing up its own annual ESG policy which sets out specific sustainability objectives, including the Fund's considered adverse impacts on sustainability factors. The Fund's principal adverse impacts on sustainability are disclosed in the annual report and are taken into consideration in every investment decision the fund takes.

No

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

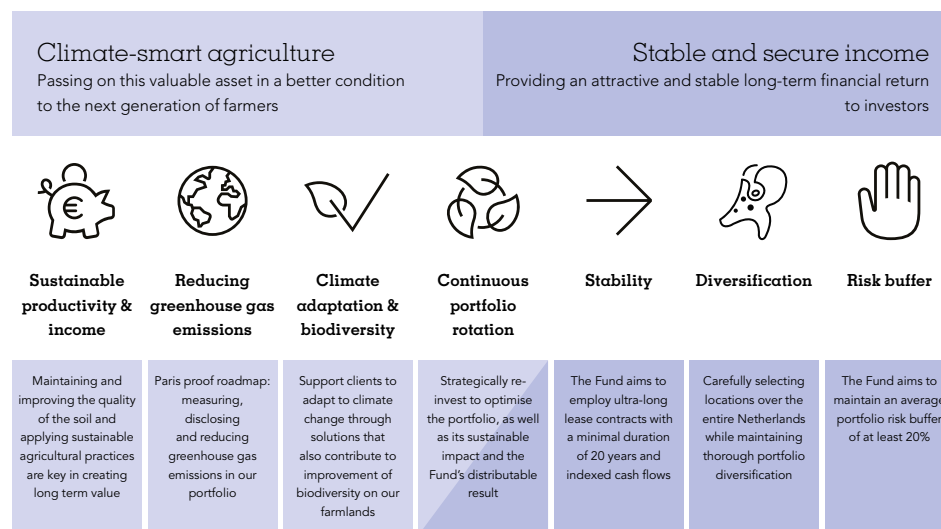


### What investment strategy does this financial product follow?

The investment goals of the Fund are twofold:

1. Provide an attractive long-term return in combination with a relatively low-risk character, with low correlation to common asset classes or other types of real assets. This objective is translated into the Fund's stable and secure income strategy.
2. Creating 'perpetual value' for its investors through responsible stewardship by engaging farmers to pass on this valuable asset in a better condition to a next generation. This objective is translated into our climate smart agriculture strategy.

The investment strategy is designed around the Fund's two key investment goals as presented above and consists of two parts: a stable & secure income strategy and a climate-smart agriculture strategy. The strategy is implemented in the portfolio through continuous portfolio rotation and active asset management.



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

### 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 binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics, are the binding elements as reflected in the Environment, Social and Governance policy of the Fund. The main ESG considerations in the selection of investments are the ESG strategic objectives which can be found under the question "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?".

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

The Fund has made no commitment to reduce by a minimum rate the scope of investments considered prior to the application of the strategy as set out above. The Fund has real estate in its portfolio that does not yet meet the requirements as set out above. These real estate assets have objectives in order to meet the requirements.

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

Not applicable. The Fund does not invest in corporate bonds or shares of (listed) companies.

**Asset allocation**

describes the share of investments in specific assets.



Taxonomy-aligned activities are expressed as a share of:

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

**Enabling activities**

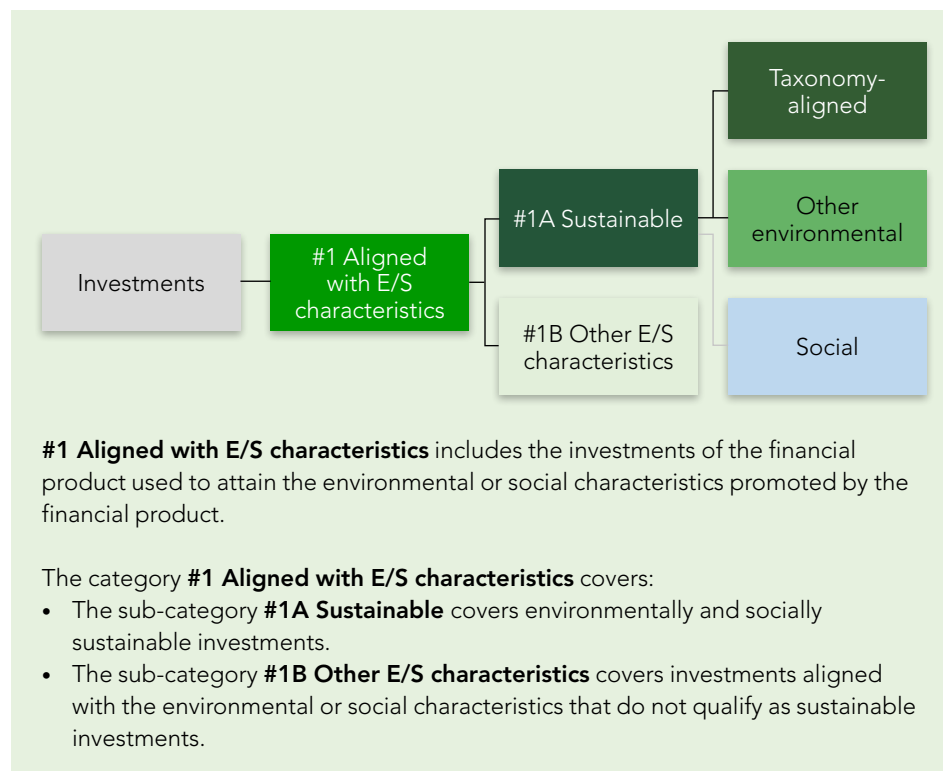
directly enable other activities to make a substantial contribution to an environmental objective.

**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.

**What is the asset allocation planned for this financial product?**

The asset allocation of the Fund is 100% towards direct rural real estate assets. All assets of the Fund align with the E/S characteristics, since the Fund's objectives apply to the entire portfolio. As at 30 September 2023, no distinction can be made between sustainable and other E/S characteristics under the SFDR using the PAI indicators. As at 30 September 2023, none of the Fund's investments are eligible under the EU Taxonomy.

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

The Fund does not use derivatives.


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

The current Delegated Act does not provide for any relevant technical screening criteria for the Fund. As soon as relevant technical screening criteria will be published with respect to the economic activities of the Fund, the relevant disclosures under this section will be updated to the extent relevant and required.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>?**

- Yes:
- In fossil gas
  - In nuclear energy
- No

<sup>2</sup> 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.

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

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



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

The Fund has not set an objective for a minimum share of transition and enabling activities. However, the Fund's activities can be classified as transitional activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance. The Fund has set ambitious objectives to further reduce emissions in its portfolio, even more ambitious than the objectives mentioned in the national Climate Agreement for the agriculture sector as presented by the Dutch Ministry of Agriculture, Nature and Food Quality. With its green lease discount for farmers that meet our sustainability criteria, the Fund promotes the transition of the Dutch agriculture sector.



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

The current Delegated Act does not provide for any relevant technical screening criteria for the Fund. As soon as relevant technical screening criteria will be published with respect to the economic activities of the Fund, the relevant disclosures under this section will be updated to the extent relevant and required.



#### **What is the minimum share of socially sustainable investments?**

The Fund has not set an objective for a minimum share of socially sustainable investments. However, the Fund has set various social objectives for the community & tenants and its employees. These objectives include the increase of tenant satisfaction & participation, facilitation of young farmers and employee development programs. For a full overview, please see the table under: *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*



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

None, as all the investments of the Fund are aligned with E/S characteristic



#### **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?**

This question is not applicable, as no specific index has been designated as a reference benchmark.

#### **Where can I find more product specific information online?**

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

<https://en.asrrealestate.nl/investments/asr-dutch-farmland-fund>