

Sustainability Policy

Apply to	Sofia Residential A/S
Valid as of	29.08.2024
Approved per	29.08.2024
Approved by	The Board of Directors
Version number	1

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1 Purpose

- 1.1 The purpose of this Sustainability Policy ("the Policy") is to describe the general guidelines for the self-managing registered Alternative Investment Fund (AIF) Sofia Residential A/S (hereafter "the Company") approach to the integration of sustainability principles into the investment decision-making process.

2 Legal basis

- 2.1 The Policy is based on Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector and Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

3 Sustainability risks

- 3.1 Sustainability risk means an environmental, social or governance event or circumstance which, if it occurs, could have actual or potential material negative impact on the value of an investment.
- 3.2 The AIF has an investment process that is based on a private equity approach, including by investing directly in companies or indirectly by investing in special purpose vehicles (SPVs) to support the growth and financing of capital-intensive assets such as real estate, development projects and land etc. As part of the investment process and due diligence of the investments, relevant sustainability risks can naturally be taken into account such as:
- 3.3 Environmental aspects, such as internal guidelines for the integration of environmental considerations into the operation of enterprises, which may increase costs for running a business
- 3.4 Changes in the rules on taxes and levies on non-climate-friendly forms of energy or future environmental regulatory requirements may increase costs,
- 3.5 Relevant financial risks, but also sustainability risks that may have a relevant material negative impact on financial returns.
- 3.6 Governance issues, e.g. in relation to remuneration of the Board of Directors and Executive Management
- 3.7 Social conditions, in relation to the companies' general guidelines for employee relations.

4 Negative impacts on sustainability factors

- 4.1 Sustainability factors are environmental, social, employee and anti-human rights issues, anti-corruption, and bribery issues.
- 4.2 The Company takes such considerations into account, but has not setup specific criteria. The Company's decision to invest into various different assets consists of a plurality of factors and where sustainability factors do not constitute a material difference between the overall valuation of the investments and generating a return for investors.
- 4.3 Similarly, the Company will disclose in material to investors in the Company that the investments underlying alternative investment fund do not take into account the EU criteria for environmentally sustainable economic activities.

5 Update, entry into force and publication

POLICY

- 5.1 In order to ensure that the Policy is effective and adequate, the Policy shall be reviewed with appropriate frequency and at least annually by the Board of Directors and, if necessary, adapted.
- 5.2 The policy is published on the Company's website, and it is attached as information to potential and existing investors upon new subscription and resubscription or reference is made to the Policy in the investor material.

Approved at the Board Meeting on date.

The Board of Directors Georgi Kirov, Chairman
Majbritt Stabell Christensen
Helle Bjerre

Management Anders Johansson, CEO

6 History

Version	Date	Changes
1	29.08.2024	New Policy