



BALTIC  
HORIZON

Baltic Horizon Fund

# Annual ESG Report 2021

# About Baltic Horizon Fund

Baltic Horizon Fund (the "Fund") is a regulated closed-end contractual investment fund registered in Estonia on 23 May 2016. Northern Horizon Capital AS is the Management Company (AIFM) of the Fund. Both the Fund and the Management Company are supervised by the Estonian Financial Supervision and Resolution Authority.

The Fund is a public fund with no particular lifetime (evergreen). Units of the Fund are made available to the public in accordance with the Fund Rules and applicable laws. The Fund is currently dual-listed on the Fund List of the Nasdaq Tallinn Stock Exchange and the Nasdaq Stockholm Alternative Investment Funds market.

Baltic Horizon Fund was merged with Baltic Opportunity Fund ("BOF") on 30 June 2016. Baltic Horizon was the remaining entity which took over 5 assets of BOF and its investor base.

# Management statement

**2021 Baltic markets remained challenged by a sudden economic halt during a pandemic. The regular lifestyle as we know it fundamentally changed and we managed to adapt swiftly during 2020 and 2021 remained crucial in managing social problems and creating flexible and understanding communication and agreements with our tenants due to restriction-infused life.**

These changes have reverberated across all economic sectors and the status quo of the Baltic commercial real estate market has been challenged as strongly as it has been over the last 12-13 years.

People are looking at real estate and guessing what long-term effects COVID-19 will have on the conventional use of space: from changing the meaning of offices and stickiness of the work-from-home regimen; to the reinvention of retail space to retain its relevance.

It would be an understatement to say that 2021 has not been another hectic period for Baltic Horizon. Forced closure of shopping centers, limited mobility, and swift movement to the work-from-home model required the Fund to react quickly to these changes.

Despite the obstacles, the financial performance of Baltic Horizon remained strong, and our portfolio exhibited remarkable resilience in the otherwise turbulent economic landscape.

As important as the strong financial performance of the Fund was over 2021 despite turbulent economic environment, we exerted a particular focus on environmental, social and governance (“ESG”) topics in 2021. With asset and portfolio management being the focus of our activities over 2021 we had a chance to gauge our ESG performance and calibrate our efforts for the future.

In particular, the following sustainability and ESG topics captured most of our attention in 2021:

- We achieved many sustainability goals raised for 2021 and raised new targets based on involved ESG requirements and competitive environment.
- We certified all our office assets with BREEAM In-use Good or Very good and raised the goal to consider retail portfolio as well.
- GRESB participation: in 2021 Baltic Horizon increased to a 70-point score and a 2-star rating from GRESB’s 2020 Real Estate Assessment.



**Tarmo Karotam**  
Fund Manager,  
Baltic Horizon Fund

- Stakeholder engagement: tenant relationship management and support were one of the most important ESG efforts over 2021. We were also active in communicating with our partners in incredibly turbulent and uncertain times.
- Energy efficiency: in 2021 we initiated targeted efforts in our office portfolio to identify low-hanging fruits of energy efficiency and laid out improvement plans for the next 1-3 years. Our plan is to increase overall portfolio energy efficiency from existing levels and decrease our energy consumption and start the portfolio decarbonization journey to the net-zero carbon target raised by the Northern Horizon Capital group.
- Regulatory environment. In 2021 Baltic Horizon decided to classify as SFDR Article 8 fund which among other characteristics promotes environmental and social characteristics and is considered a light green fund.

The recovery from COVID induced economic shocks will require some time and we have a long and challenging road ahead of us. But we believe that path to the life as we know it will be based on principle of sustainably built value creation over the long-term. Post-COVID recovery period creates perfect opportunity to enable this change in our portfolio.

“ As important as the strong financial performance of the Fund was over 2021, we exerted a particular focus on environmental, social and governance topics.

Tarmo Karotam  
Fund Manager,  
Baltic Horizon Fund



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# Baltic Horizon and ESG in 2021

# Portfolio sustainability goals - short-term

In 2020 management team of Baltic Horizon decided to set long-term ESG aims for the Fund and due to the successful implementation of the short-term goals, the fund has set more ambitious and broader scope ESG goals for 2022. It now includes the social and governance aspects of the fund. In Baltic Horizon we believe that long-term value creation must be built on a strong foundation of sustainability and good governance practice. Therefore, the management team of Baltic Horizon raised additional short-term goals for 2022 and Baltic Horizon will continue to report progress against these aims at least annually.

## Short-term aims (1-2 years)

Office portfolio certification by end of 2021 **Completed** / Retail portfolio certification in 12-24 months

Motivated by a good practice of office portfolio of Baltic Horizon which was successfully certified end of 2021 using market-accepted certification program – BREEAM In-use. Now, certification of the retail portfolio is also in consideration after ongoing reconstruction/refurbishment projects are finalized and are planned to be certified in 24 months. As at end of 2021 ca. 45,9% of the Fund's portfolio was certified.



100% of new leases / extensions / amendments will include green lease clauses **Completed**

Green leases are a great way to formalize sustainability aims and commitments between our tenants and the Fund. Baltic Horizon has included green lease clauses in all newly signed leases in 2021 and in 85% of current office portfolio agreements. Green lease clauses cover such topics as sustainable operations, information sharing, use of renewable energy sources, and other relevant topics. In addition, green clauses were included in existing lease agreements.



## 3-star GRESB Rating

Baltic Horizon achieved a 2-star rating in the 2020 GRESB Real Estate Assessment with a 63-point score. In 2021 Baltic Horizon improved its score to a 70-point score and still scored 2 stars. We believe that our ESG efforts could result in a 3-star rating over the next 1-2 years with a targeted portfolio improvement strategy that is currently in implementation.

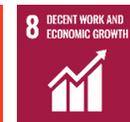


# Portfolio sustainability goals - short-term

## Short-term aims (1-2 years)

### Human rights policy

In 2022 Baltic Horizon together with Northern Horizon Group aims to incorporate in the corporate internal policies the minimum safeguards referred to in EU Taxonomy to ensure the alignment with 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 Labor Organization on Fundamental Principles and Rights at Work.



### EU Taxonomy alignment

In 2021 the fund has made Sustainable Finance Disclosure Regulation (SFDR) Article 8 disclosure and SFDR Stage I disclosures published on the website. Consequently, Article 8 products need to disclose the degree (if any) to which they invest in environmentally sustainable investments or in investments with a social objective, as set out by EU Taxonomy regulations. Thus, in 2022 Baltic Horizon aims to determine and screen assets with relevant screening criteria for EU Taxonomy for the first two environmental objectives.



### Increase renewable energy usage in the portfolio

In 2022 and onwards renewable energy solutions such as on-site solar panels and distant renewable energy power plants in order to reduce CO2 emissions in the asset portfolio. The goal is to compare the costs of renewable energy to conventional energy sources and start using renewable energy sources if it is financially feasible.



# Portfolio sustainability goals - long-term

In 2020 management team of Baltic Horizon decided long term ESG aims of the Fund to It is our firm believe that long-term value creation must be built on a strong foundation of sustainability. Therefore, management team of Baltic Horizon raised the following short-term and long-term sustainability aims. Baltic Horizon will report progress against these aims at least annually.

## Long-term aims (5-10 years)

### Net zero from operations by 2030

In 2020 Northern Horizon Capital Group revised its Responsible Investment Policy and raised net-zero carbon by 2030 from the operation of all its managed funds, including Baltic Horizon. While very ambitious, our firm belief is that this goal is achievable with active asset management, portfolio improvement, and renewable energy procurement as primary tools leading our efforts. The goal is aligned with World Green Building Council's Net Zero Carbon Buildings Commitment (Baltic Horizon has not expressed formal support for the commitment).



### Energy performance certificate (EPC) of new acquisitions – B or better<sup>1</sup>

Energy efficiency of assets in the Fund's portfolio will be one of the key aspects in achieving the net zero target. Therefore, it is crucial that all new acquisitions of the Fund exhibit strong energy efficiency performance. Fund could consider assets that have a lower energy efficiency if energy efficiency label of the asset is improved after acquisition.



### EPC label improvement of existing portfolio by at least one energy

Energy efficiency of existing portfolio is as important as energy efficiency of new acquisitions. Therefore, the Fund has set an interim 2025 target to improve portfolio energy efficiency by at least one energy label level, which will be crucial in achieving the net zero target.



<sup>1</sup> Energy performance certificates (EPC) have been introduced under Energy Performance of Buildings Directive (EPBD). EPC certificates indicate energy efficiency of the building by rating properties on a scale of A to G, A being the highest score and G being the lowest.

# GRESB Real Estate Assessment 2021<sup>2</sup>

**2021 was a third consecutive year of Baltic Horizon's participation in GRESB. In the incredible turbulent 2021, Baltic Horizon managed to achieve a score of 70 points (from 100) reaching a 2-star rating (out of 5 stars).**

GRESB Real Estate Assessment consists of two separate assessment modules: Management and Performance. In 2021 Baltic Horizon scored 26 points in the Management module (out of 30) and 44 points in the Performance module (out of 70). Which is an improvement compared to 2020 when scored 25 points in the Management module (out of 30) and 38 points in the Performance module (out of 70).

In 2021 Baltic Horizon also enrolled in the Public Disclosure Assessment where the Fund achieved a 63-point score (out of a 100) reaching a rating of B3.

Baltic Horizon has a separate GRESB improvement plan and for 2022 has set a target to improve tenants and community metrics, set more measurable targets for the Fund, and also improve the performance module by increasing data availability.

GRESB evaluation over a years has become an inseparable self-evaluation tool and guide for improvement and even contributes to the new acquisition ESG assessment for the fund.

Also, in the beginning, it served as a great starting point for ESG and the sustainability journey for the Baltic Horizon. At the moment, it serves as self-evaluation for targeted portfolio improvements.

GRESB was established in 2009 by a group of large pension funds who wanted to have access to comparable and reliable data on the ESG performance of their investments. GRESB has grown to become the leading ESG benchmark for real estate and infrastructure investments across the world. GRESB ESG data covers USD 4.5 trillion in real estate and infrastructure value and is used by more than 100 institutional and financial investors to make decisions that are leading to a more sustainable real asset industry.

More information on GRESB: <https://gresb.com/>



“ There is a lot of room for growth, and we believe that a 3-star rating could be achieved in the next 1-2 years with a targeted ESG strategy and focus on our portfolio improvement.

**Vasare Krikštopaitytė**  
ESG and Compliance Officer

<sup>2</sup> All intellectual property rights to this data belong exclusively to GRESB B.V. (GRESB). All rights reserved. GRESB has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it. the lowest.

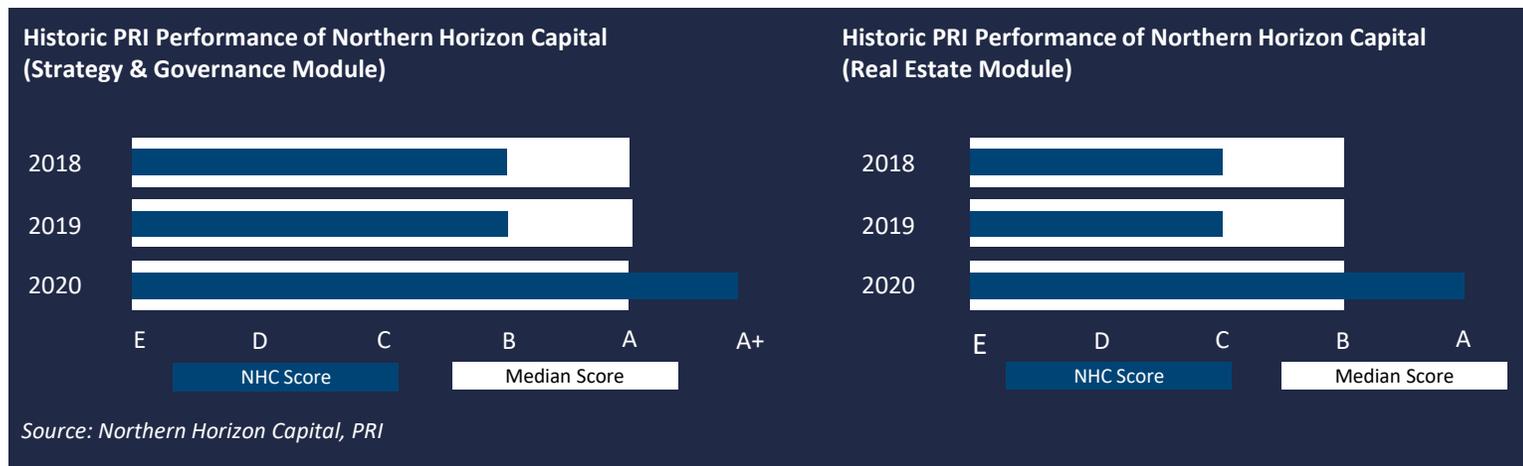
# UN PRI Assessment 2020

In the 2020 assessment, Northern Horizon Capital achieved A+ rating in the Strategy & Governance module and A rating in the RE module, outperforming peer groups in both categories. The 2021 data release was delayed due to issues in the UN PRI system. UN PRI results for 2020, expected in Q3 2022, will be disclosed in the Q4 quarterly report and 2022 ESG report. Reporting year accounting for 2021 data was skipped. UN PRI reporting cycle will continue in 2023.

The 2020 ratings reflect the situation across the Northern Horizon Capital Group as a whole and the progress made by all its managed funds. Baltic Horizon is one of the largest funds under Northern Horizon's management and has contributed heavily to the strong PRI assessment performance in 2020. Baltic Horizon aims in the 2022 reporting cycle to maintain a high level of PRI assessment reached in Strategy & Governance and in Real Estate modules.

UN PRI is the world's leading proponent of responsible investment that was established in 2006 promoting six principles for responsible investment. PRI has grown to over 3,000 signatories worldwide managing a combined USD 80tn of assets. Northern Horizon Capital has been a UN PRI signatory since 2014 and has been participating in the annual PRI assessment since 2016.

More information on PRI: <https://www.unpri.org/>



# United Nations sustainable development goals – UN SDGs

To achieve our ESG ambitions, we have set clear and measurable targets. These targets contribute to 9 UN Sustainable Development Goals (UN SDGs) and their sub-targets. We believe that businesses cannot thrive in a world of poverty, inequality, unrest, and environmental stress, and so it has a vital interest in ensuring that the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs or Global Goals) are delivered.

By upholding recognized standards and principles on human rights, labor, the environment and anti-corruption, the business makes an essential contribution to the SDGs. Baltic Horizon already acts and reports on topics covered by the SDGs, such as climate change, water management, and working conditions. Reporting on SDGs goes beyond regular communication to stakeholders, it is key to building trust and aligning investment through transparency and accountability.

Sustainable Development Goals	SDG Goal Description	SDG Target Description	20XX Initiatives
<b>UN Sustainable Development Goals Table</b>			
	<b>5.1 - Gender Equality</b> Achieve gender equality and empower all women and girls	End all forms of discrimination against all women and girls everywhere	
	<b>5.5 - Gender Equality</b> Achieve gender equality and empower all women and girls	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Baltic Horizon as part of Northern Horizon Capital always strives for equal opportunities and prevents all forms of discrimination against women. It is supported by strong internal policies and internal culture. All women have equal career opportunities.
	<b>6.1 - Clean Water and Sanitation</b> Ensure availability and sustainable management of water and sanitation for all	By 2030, achieve universal and equitable access to safe and affordable drinking water for all	The Baltic region is famous for its' high-quality drinking water which is available in all Baltic horizon premises.
	<b>6.4 - Clean Water and Sanitation</b> Ensure availability and sustainable management of water and sanitation for all	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	We invest in water efficiency and saving in buildings, and also promote the usage of ecological and harmless cleaning products to contribute to saving and preserving freshwater resources.
	<b>7.2 - Affordable and Clean Energy</b> Ensure access to affordable, reliable, sustainable and modern energy for all	By 2030, increase substantially the share of renewable energy in the global energy mix	This goal goes together with the Baltic horizon goal to achieve a net-zero carbon target by transitioning to renewable energy sources by 2030, thus contributing to the global goal to increase the use of renewable energy sources.

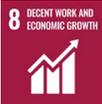


More information on UNSDGs: <https://sdgs.un.org/goals>

# United Nations sustainable development goals – UN SDGs

In addition to informing external stakeholders - including investors – corporate sustainability reporting is a powerful stimulus for internal conversation and decision-making with regards to contributing to the SDGs at all levels within a company. Reporting, however, is neither the start nor the end of a company’s sustainability strategy and implementation – it’s a strategic tool that:

- engages stakeholders
- supports sustainable decision-making processes at all levels within a company
- shapes business strategy
- guides innovation and drives better performance and value creation
- attracts investments

Sustainable Development Goals	SDG Goal Description	SDG Target Description	20XX Initiatives
<b>UN Sustainable Development Goals Table</b>			
	<b>7.3 - Affordable and Clean Energy</b> Ensure access to affordable, reliable, sustainable and modern energy for all	By 2030, double the global rate of improvement in energy efficiency	One of the long-term goals Baltic Horizon has raised is to receive higher energy class evaluation for buildings by improving energy efficiency.
	<b>8.5 - Decent Work and Economic Growth</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Baltic Horizon is part of northern Horizon Capital which strives to provide good working conditions and career opportunities for all employees in all countries.
	<b>10.3 - Reduced Inequalities</b> Reduce inequality within and among countries	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies, and action in this regard	
	<b>11.6 - Sustainable Cities and Communities</b> Make cities and human settlements inclusive, safe, resilient and sustainable	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	In Baltic Horizon we are committed in our goals to reduce operational emissions including waste generation by choosing the best waste treatment partners and educating tenants about reducing waste and recycling on site. Indoor air quality is monitored and is part of ESG risk management.
	<b>11.7 - Sustainable Cities and Communities</b> Make cities and human settlements inclusive, safe, resilient and sustainable	By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities	All our premises are accessible for people with disabilities and green areas are maintained and created where possible.

# United Nations sustainable development goals – UN SDGs

Endorsed by all 193 United Nations Member States in 2015, the 2030 Agenda and its Sustainable Development Goals focus global efforts and attention on 17 pressing issues. The private sector plays a critical role in providing solutions that can contribute to solving these challenges, while also generating new business opportunities.

The SDGs are anticipated to generate at least US\$12 trillion worth of market opportunities by 2030. By identifying and mitigating risks to people and the environment and by providing new products and services that support sustainable development, businesses can reap benefits for themselves and for the markets they depend upon. The SDGs are becoming increasingly important also for investors, as they are ‘an articulation of the world’s most pressing environmental, social and economic issues and, as such, act as a definitive list of the material ESG (environmental, social and governance) perspectives that should be taken into account as part of an investor’s fiduciary duty.

Sustainable Development Goals	SDG Goal Description	SDG Target Description	20XX Initiatives
<b>UN Sustainable Development Goals Table</b>			
	<b>12.5 - Responsible Consumption and Production</b> Ensure sustainable consumption and production patterns	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Waste reduction in operations is our goal by reducing generation and also choosing the best partners for waste treatment. We also follow all regulatory good practice to treat waste in construction and renovation in the most sustainable way.
	<b>12.6 - Responsible Consumption and Production</b> Ensure sustainable consumption and production patterns	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	We have an ESG questionnaire for partners to encourage them to adopt the best practices and to partner with sustainable and responsible partners.
	<b>13.3 - Climate Action</b> Take urgent action to combat climate change and its impacts	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	In Baltic Horizon we take climate change mitigation seriously by accounting for our carbon emissions for years now and taking actions to reduce energy consumption, improve efficiency and switch to renewable energy where possible.
	<b>16.7 - Peace, Justice and Strong Institutions</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Ensure responsive, inclusive, participatory, and representative decision-making at all levels	We are not a big firm and communication between all levels is easy and quick and everyone is encouraged to contribute to decision-making.

# SFDR and EU Taxonomy

**In 2021 the fund has made Sustainable Finance Disclosure Regulation (SFDR) Article 8 disclosure and SFDR Stage I disclosures published on the website.**

A fundamental issue in the ESG space in recent years was a lack of consistent regulatory guidelines that would clearly outline disclosure regulations and provide a consistent way of distinguishing between sustainable assets / economic activities as opposed to unsustainable ones. A clear regulatory roadmap is crucial to making sure that Europe can achieve the targets of the Paris Agreement and ensure a sustainable environment.

In the last few years, there is an active push from the European Commission to put in place regulatory infrastructure that would aim to solve these issues and bring clarity to currently rather fractured landscapes of ESG definitions and reporting. Two legislative initiatives are of particular importance to Baltic Horizon – EU Taxonomy and Sustainable Finance Disclosure Regulation (SFDR).

Both regulations are aiming to bring additional clarity, increase comparability and reduce greenwashing in the investment markets

by defining clear criteria for sustainable economic activities (EU Taxonomy) and outlining necessary information disclosure for entities that make sustainability and ESG-based claims (SFDR).

The management team of Baltic Horizon Fund has made a decision to be reclassified as Article 8 under the EU Sustainable Finance Disclosure Regulation which applies "where a financial product promotes, among other characteristics, environmental or social characteristics or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices". (light green).

EU Taxonomy is applicable as it covers *environmentally* and or socially sustainable investments and will start in 2022. Baltic Horizon is aiming to determine EU Taxonomy alignment during 2022 and to be able to disclose it in SFDR periodic reporting starting from January 2023. The Fund takes sustainability risk and environmental, social, and governance ("ESG") characteristics into account as part of its selection process.

We believe that the Fund's asset management strategy in particular promotes environmental characteristics. The asset management strategy emphasizes sustainability by tracking consumption metrics and improving the environmental performance of the Fund's assets in the long-term.

The result of these changes will be greater scope in our ESG process and more detailed disclosure on how Fund embeds sustainability in its investment process to achieve the best possible risk-adjusted returns for our clients. Baltic horizon will continue to ensure that you have all the transparent information you need to understand how we systematically work with ESG principles through the investment process of our financial products so that you can use this information to make an informed decision about the fund you would like to invest in.

[Further sustainability-related disclosure can be found on the Baltic Horizon website.](#)

# Net Zero Carbon Target

**In the 2020 Northern Horizon Capital Group has set a very ambitious goal which definitely sets us in fourth runners in the market in achieving net-zero carbon (NZC) target and contributing to The Paris Climate Agreement, committing the world to limit average warming to well below 2 degrees Celsius above pre-industrial levels, was ratified globally in 2016.**

For real estate, this means a ramping up of building codes and regulations, and the introduction of further market-based instruments, such as minimum standards of energy performance that are now happening with EU Taxonomy regulation which comes into action in 2022. Ultimately, we expect to see legislation pushing all buildings — both new and existing — to become net-zero carbon. The World Green Building Council states that this must happen by 2050 if the goals of the Paris Accord are to be achieved.

Progress from governments so far has been slow, which means mean more disruptive approach with an abrupt and forceful policy response becomes more inevitable as governments take longer to act. Taking early action to decarbonize portfolios becomes an important risk management measure.

Baltic Horizon is an evergreen fund that highly contributes to this target and will be most affected by the changing regulatory environment. Also, Baltic Horizon owns older buildings with lower energy ratings and energy efficiency, which makes renovation to the NZC efficiency very costly and in many cases financially unfeasible. Heating in the Baltic region is very unlikely to become fossil-free. Thus, it is very likely that carbon emissions will not reach zero by 2030, and carbon offset as the last resource will be considered.



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# Net Zero Carbon Pathway

2020 has been a baseline year for NZC target. Current reporting frameworks, GRESB and GRI also SFDR, and EU Taxonomy regulation supports the NZC target by challenging emissions and energy efficiency of the properties. This makes it an integrated part of the ESG strategy.

For new acquisitions, NZC criteria are being implemented in the ESG risk screening process and will be considered for every new question to ensure it contributes to NZC.

NZC pathway has been created based on the current situation of the asset portfolio, however, due to constantly changing and evolving technologies accurately predicting what solutions will be available in 8 years' time is very difficult, so now we are focusing on the main steps we have identified to reach net-zero carbon target and also leaving enough space for flexibility to implement new green solutions.

## Major steps to NZC

**Data gathering and monitoring.** To be able to have a high emission scope coverage, formulating comparable KPIs is the key step in order to reduce and track the progress of carbon emissions. Steps to automate environmental data gathering and management are being taken across portfolio.

**Energy efficiency.** Ensuring energy is used at the optimum is important for building certification, energy class, and EU Taxonomy alignment and will always remain the main sustainability criteria for NZC. There is constant effort to increase the energy efficiency class of our assets.

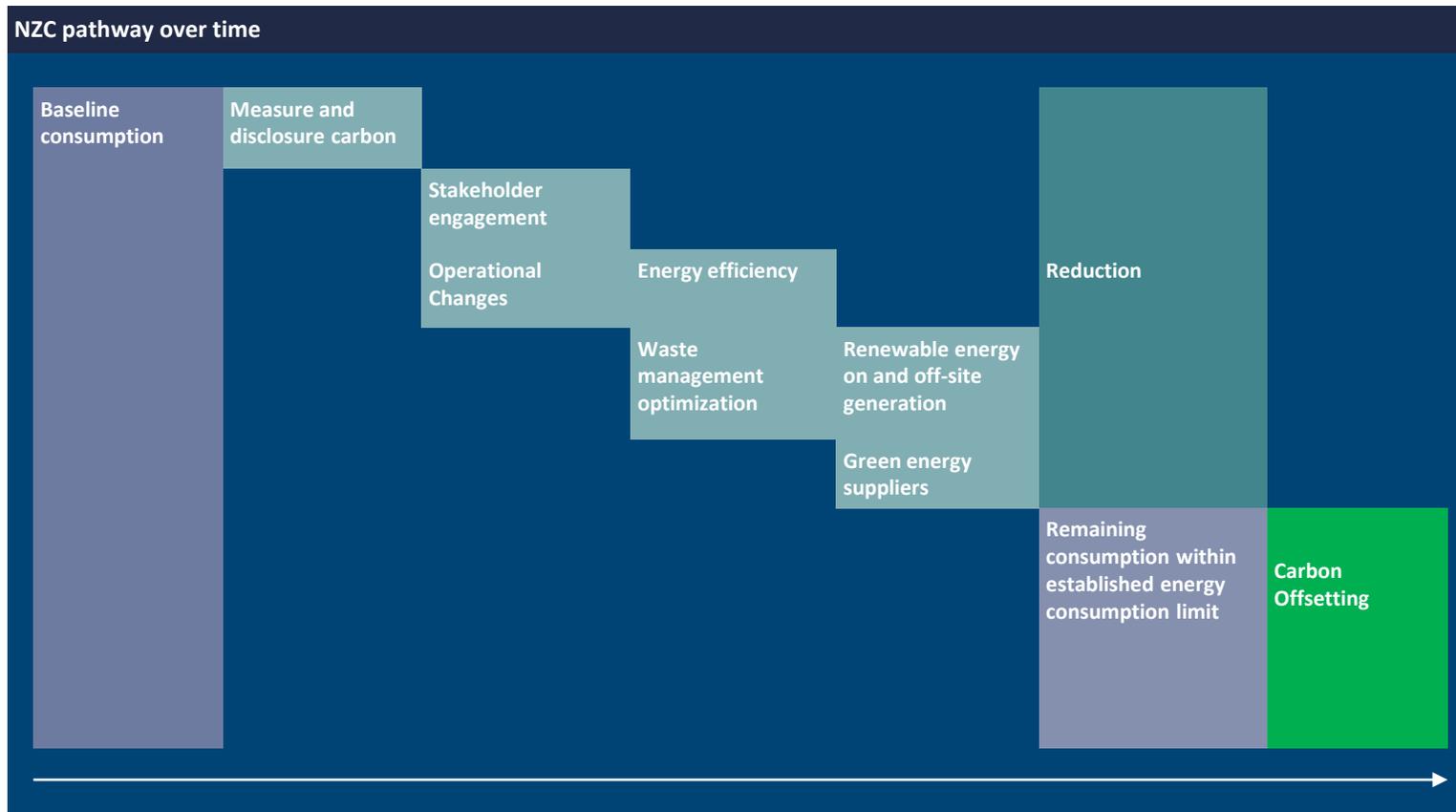
**Renewable energy.** Switch to renewable energy suppliers and installing renewable energy sources on-site is the key to decarbonization.

**Waste management.** Remains one of the biggest challenges to gathering accurate waste data. So, choosing the most sustainable waste company that ensures the highest percentage of circularity is important as well as receiving transparent data to determine scope 3 emissions.

**Stakeholder engagement.** We understand that sustainability touches every aspect of our life and this is a shared effort to achieve our ESG goal. Stakeholder education and engagement to make operational changes are necessary for energy efficiency.

**Carbon offset.** It will be considered after all decarbonization measures above are exhausted, the remaining carbon emissions will be compensated with the offset and the decision will be made in the Northern Horizon Capital group level.

Also, the offset market is constantly changing and there is no one official solution that could prevent greenwashing this is what motivates us to keep a creative approach and to look for science-based partners and solutions. The Net-zero carbon pathway is working in progress and the in the coming 1-2 years we aim to have assessed each asset for NZC and create costed NZC plans for each asset to reach our goal.



	2022-2023	2024-2025	2026-2027	2028-2030
<b>Acquisition and development</b>	<ul style="list-style-type: none"> <li>Establish an assessment process for NZC target for all new acquisitions and developments.</li> <li>NZC-related clauses become standard for new contracts</li> </ul>	<ul style="list-style-type: none"> <li>Building certification are considered for all new developments and acquisitions</li> </ul>		
<b>Reporting</b>	<ul style="list-style-type: none"> <li>Establish a plan to improve GRESB score annually</li> <li>All funds are SFDR Article 8 funds.</li> <li>Establish EU Taxonomy alignment for funds for environmental objective</li> <li>Aim for building certifications 65% coverage</li> </ul>	<ul style="list-style-type: none"> <li>All assets are assessed for building certification</li> <li>Improve or maintain EU Taxonomy alignment</li> </ul>	<ul style="list-style-type: none"> <li>Building certifications 80% coverage</li> </ul>	
<b>Operational efficiency and tenant engagement</b>	<ul style="list-style-type: none"> <li>Set NZC KPI's</li> <li>Establish a carbon footprint.</li> <li>Establish which standards to use for decarbonization pathway (e.g., CREEM)</li> <li>Green leases incorporated in tenant's agreements</li> <li>Establish energy, water &amp; resource efficiency measure</li> <li>Assess assets for energy class level improvement</li> <li>Optimize waste management and find the best partners for waste treatment</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 30% energy intensity reduction</li> <li>Capture 60% of operational data</li> <li>NZC potential assessed in buy/hold/sell decisions</li> <li>Capture 100% of tenant consumption data</li> <li>Develop costed plans to reach NZC for all buildings</li> </ul>	<ul style="list-style-type: none"> <li>Capture 100% tenant data</li> <li>Capture 80% of operational data</li> </ul>	
<b>Renewables</b>	<ul style="list-style-type: none"> <li>On-site renewable assessments for all buildings</li> <li>Change to renewable energy suppliers and renewable energy power purchase agreements PPAs.</li> </ul>	<ul style="list-style-type: none"> <li>On and off-site renewable energy sources installation</li> </ul>		
<b>Green Project/Offset</b>	<ul style="list-style-type: none"> <li>Establish offset project</li> </ul>	<ul style="list-style-type: none"> <li>Develop offset project</li> </ul>	<ul style="list-style-type: none"> <li>Offset project results and NZC target evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Carbon emissions accounted, and carbon offsets purchased to claim NZC</li> </ul>
<b>tCO2e emissions</b>				

# Property energy efficiency

Efficient energy use is one of the main challenges in reducing portfolio GHG emissions. Baltic Horizon being a long-term investor to real estate assets seeks to ensure that the portfolio under management can deliver on the long-term commitment to sustainable and net-zero carbon operations. This requires a good understanding of what is the current position of our assets before any improvements can be made.

In 2020 portfolio management team prepared energy efficiency audits for a few selected properties in Baltic Horizon's portfolio. The primary goal of the pilot was to understand the current state of our engineering systems and see if improvements to these systems could lead to potential energy and cost savings for our tenants as well as lead to decreasing operational GHG emissions. Audits have identified some low-hanging energy efficiency improvements that could be achieved with relatively low investments. We plan to implement measures with the highest investment/return ratio in the next 1-3 years. While we do not expect to see major operational improvements from these upgrades, this is an important first step

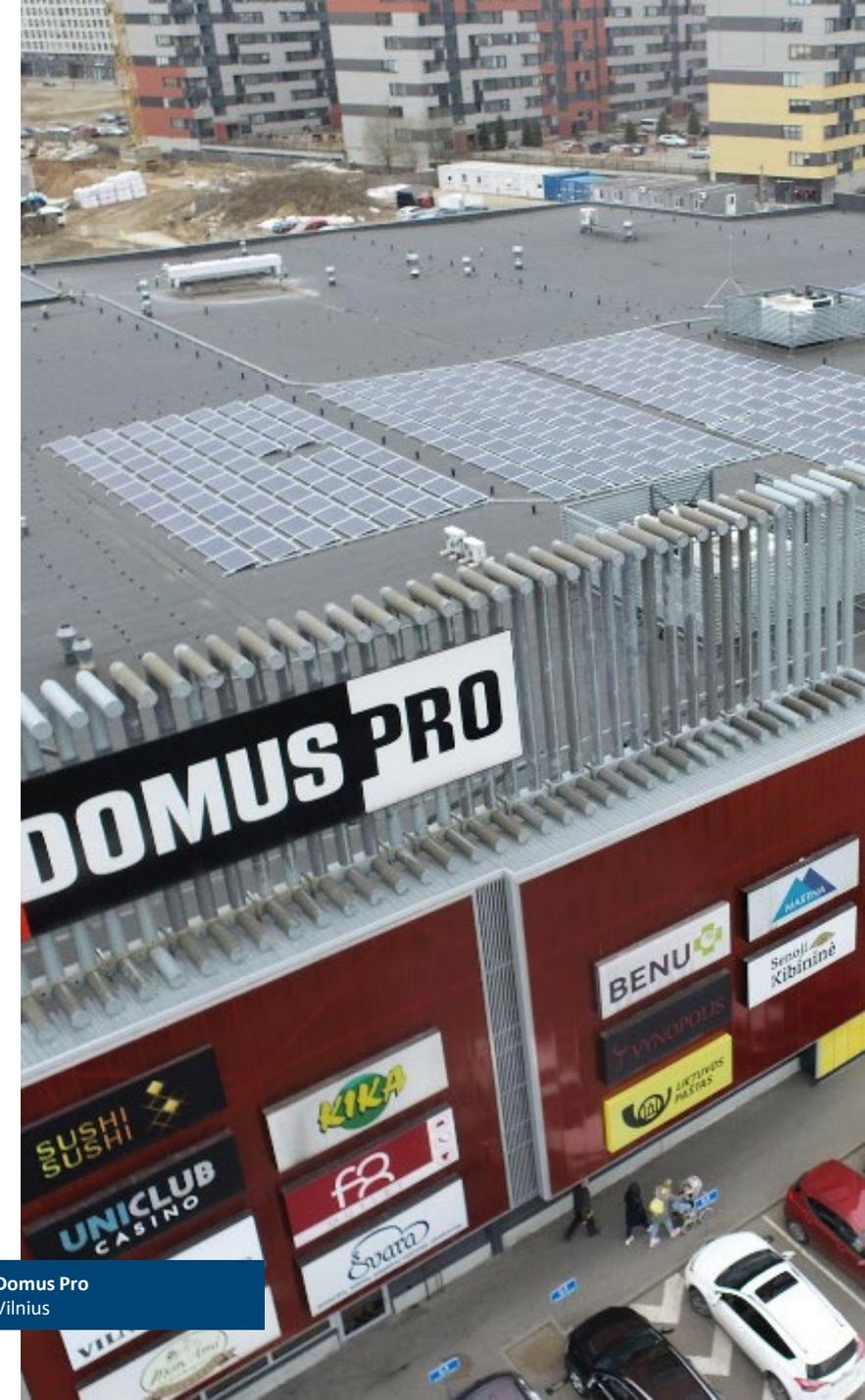
in upgrading and future-proofing our assets to meet increasing environmental demands from our tenants.

## G4S HQ asset was sold in 2021

This decision was made also taking into account the sustainability and low energy efficiency class – EPC G of the asset. One of the strategies to reach net-zero carbon target is to sell the least energy-efficient building and to purchase new sustainable buildings that do not require a high cost to achieve ESG goals.

## Domus Pro Solar power plant

In 2021 solar power plant has been installed and started operating on the roof of Domus PRO retail and business park and now is generating green electricity. The 222-kW solar power plant covers about 6-8% of the park's annual electricity needs and reduces the site's CO2 footprint by approximately 15 tonnes per annum. Domus PRO is the first shopping center in Lithuania and one of the first in the Baltic States to install a solar power plant of this capacity. The power plant was installed by the smart energy solutions company 'Ignitis', which also takes care of the power plant's maintenance.



# Electric vehicle charging stations

We have signed a strategic partnership agreement with Inbalance grid for EV charging station service in our office properties in the Baltics.

Inbalance offers us a new-generation electric vehicle charging infrastructure service, which includes all the processes that previously required additional customer care:

- Smart management: electricity grid balancing, the app for users, 24/7 help and service center, payment administration
- Installation, maintenance, and insurance of the stations, and software upgrades
- Charging stations architecture adapted for future expansion (adding additional stations with minimal costs)

In 2021 we have started with the properties in Vilnius - Duetto business home in total has 4 Inbalance charging stations (or 8 charging points) and in North Star business center 2 stations/4 charging points have been installed.

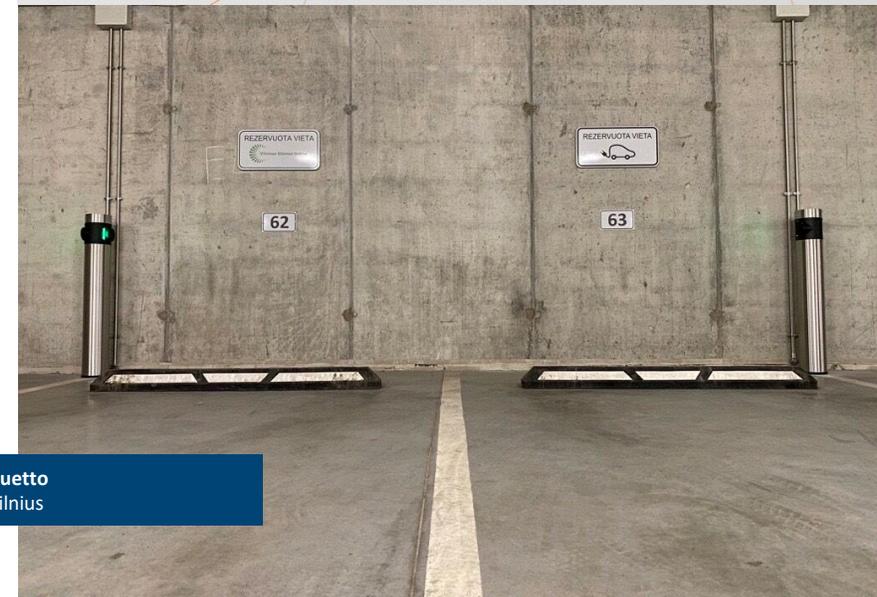
Inbalance charging station has won the National design awards as the best industrial product design of 2021, also a Silver award at an international design competition in Italy.

The thought process behind the design perfectly reflects the vision of the future of EV charging infrastructure. There will be thousands of charging stations in our cities very soon. That's why the minimalistic and aesthetic design blends seamlessly into urban landscapes without creating visual pollution. The charging station was created by Inbalance and Desdorp – An industrial product design studio.

Inbalance vision for future EV infrastructure reflects the goal of the Baltic Horizon to be a modern, leading asset manager in green solutions and provide the best infrastructure assets for cities and people. We strongly believe in green mobility in the cities that can contribute to reduced noise and air pollution.



FIRST  
PLACE  
NATIONAL DESIGN AWARDS



Duetto  
Vilnius

# BREEAM In-Use certification target

Baltic Horizon acknowledges the high environmental impact of real estate assets. In line with the commitment to continuously improve the environmental performance of the buildings, it has been a key ESG priority for Baltic Horizon Fund to get the portfolio of office buildings certified with the internationally recognized BREEAM standards.

From an asset management perspective, the BREEAM/In Use certification process has given us a deeper understanding of the performance of our assets and has helped us prioritize improvements that will have the highest positive impact on tenants and the environment.



The following measures were taken during the certification:

- Detailed technical audit performed and immediate remediation of the identified issues
- Legionella risk study performed
- Illuminance assessment made
- Evacuation procedures updated
- Additional electricity meters installed
- Comprehensive check of security and alarm systems
- Lighting changed or planned to be changed to LED
- Energy consumption monitoring and the saving system was installed
- Water appliances were upgraded to the more water-efficient

With these certifications, all Baltic Horizon Fund’s office buildings in the portfolio have received BREEAM certification. Following a good example of an office portfolio, it was planned to assess and certify Retail portfolio within 2 years’ time.

Property	BREEAM certification	Rating
North Star	BREEAM/In Use	Very Good
Domus Pro Retail Park	BREEAM/In Use	Good
Domus Pro Office	BREEAM/New Construction	Good
Lincona	BREEAM/In Use	Good
Duetto II	BREEAM/New Construction	Very Good
LNK Centre	BREEAM/In Use	Very Good
Vainodes	BREEAM/In Use	Very Good
Duetto I	BREEAM/New Construction	Very Good
Upmalas Biroji BC	BREEAM/In Use	Very Good
G4S HQ	BREEAM/In Use	Very Good

MERAKI business home – a two tower-office building under development in Vilnius – is expected to receive BREEAM New Construction *Excellent* certification when completed in 2022, following the good practice of Duetto A (2017) and Duetto B (2020) and Domus Pro BC (2018) in Vilnius.

# Green lease clauses in lease agreements

In order to achieve our sustainability goals, not only the energy efficiency of real estate is important, but also the consumption habits and behavior of our tenants.

A comprehensive and integrated solution to sustainability problems is only possible if property owners and tenants collaborate. Green lease conditions help us to become more environmentally friendly and sustainability-oriented partners and contribute to a better understanding of the concept of sustainability in the tenant-landlord relationship.

Main additions to the lease agreement define:

- That the parties seek to share data on the consumption of utilities (water, electricity, etc.).
- That the parties strive for the sustainable use of the property and its utilities.
- Landlord-tenant relationship to increase the energy efficiency of a building.
- The possibility for the landlord to choose more sustainable utility service providers and/or products and services.
- Better control and guidance for sustainability principles during renovation/repair of premises

Green lease clauses were incorporated in 85% of current lease agreements in the form of annexes or memorandum of understanding, also in all newly signed lease agreements in the office portfolio and 100% in Retail.



Duetto  
Vilnius

# Tenant engagement

**Baltic Horizon completed a tenant satisfaction survey in the second half of 2020. It was decided not to do a tenants satisfaction survey in 2021 due to low tenant occupancy in the offices and a more difficult situation in retail due to Covid-19 restrictions. Also, the survey was done at the end of the year and reflected a similar situation in 2022. However, frequent meetings with tenants were held to address all the issues personally and to support them during the pandemic crisis.**

Tenants have been at the focus of our asset management activities over 2020. The freeze on regular economic life has put a lot of strain on some of our tenants and occupiers of retail assets have been affected particularly hard. To support the team Baltic Horizon has been in negotiations with some of the worse affected tenants offering rent reductions and waivers during the lockdown and post-lockdown periods. By 19th March 2020, the Fund management had decided on various pandemic-related discounts based on discussions with retail and office tenants. The efforts to support tenants and address the reduced business operations due to continuous lockdown and covid-19 restrictions remained necessary throughout 2021.

The Fund assessed the impact of COVID-19 on each tenant's operating performance during the lockdown and granted discounts to the most affected tenants, while at the same time protecting the best interests of unitholders and other stakeholders. The Fund's management team reviewed each rent discount request individually to find suitable solutions for all parties.

To further gauge our asset management efforts team of Baltic Horizon completed a tenant satisfaction survey in the second half of 2020. The goal was to understand how tenants perceive the quality of the buildings, and the skills of property and facility managers and to investigate the sustainability requirements of our tenants.

We were glad to see that areas such as sustainability, property management, and building services/amenities were given high scores by the survey respondents. This also resonates well with overall tenant satisfaction with facilities – the average respondent would be willing to recommend their building to another tenant.



Source: Baltic Horizon

<sup>4</sup> All statements rated on a scale of 1-5: 1 – strongly disagree / very unsatisfied; 5 – strongly agree / very satisfied

# Climate-related and sustainability risks

With rapidly developing requirements of ESG standards, one particularly important topic that has been receiving more and more attention over the last couple of years has been systematic assessment of climate-related and sustainability risks. While risk assessment is a standard procedure in investment management that is also governed by relevant regulation, sustainability and climate-related risk assessment is slowly becoming an integral part of the overall risk assessment procedures. These requirements are spilling over to the voluntary reporting frameworks and are also trickling their way into regulatory requirements.

Witnessing the importance of sustainability and climate-related risks to our operations as well as widespread market adoption, from Q4 2020 we started including these aspects into the Fund's quarterly risk assessment.

The assessment primarily utilizes publicly available data sources to evaluate the materiality of specific risk and assess likelihood and possible effect to the portfolio, to the extent that is possible.

The goal of the assessment is to measure both the current and long-term exposure to identified risks. The sustainability and climate-related risks are also included in our Internal Control and Risk Management Framework and follows general guidelines of this framework. This assessment that will be updated quarterly, builds further on the foundation of the high-level property risk evaluation that is already a part of all investment considerations.

According to Internal Control and Risk Management Framework, identified risks are scored (from 1 to 5) on their possible Likelihood and Impact. These score are then multiplied to derive a Severity score ranging from 1 to 25, which then puts identified risks to one of three categories: green (adequate risk mitigation, no residual risk), yellow (adequate risk mitigation, some residual risk) and red (insufficient risk mitigation, high residual risk).



Two primary identified groups of climate-related and sustainability risks – Transition and Physical – have a low Severity rating of 4 (green category). Management team of Baltic Horizon believes that both risk groups are manageable and do not pose danger to operations of the Fund. Summary of the Q4 2021 sustainability and climate-related risk assessment is provided below.

### Climate-related and sustainability risk assessment results (Q4 2021)

#### Transaction Risks

Description	Status	Likelihood	Impact	Severity
Transition risks include risks that arise from changing technological, political and regulation environments. Transition can cause changes in policy, regulation, technology and shifts in market positions that might negatively affect financial performance of the Fund. Changes in regulation requirements must be followed in both local and European markets to make sure that all entities and internal policies adhere to relevant reporting and governance practices.		2	2	4

#### Physical Risks

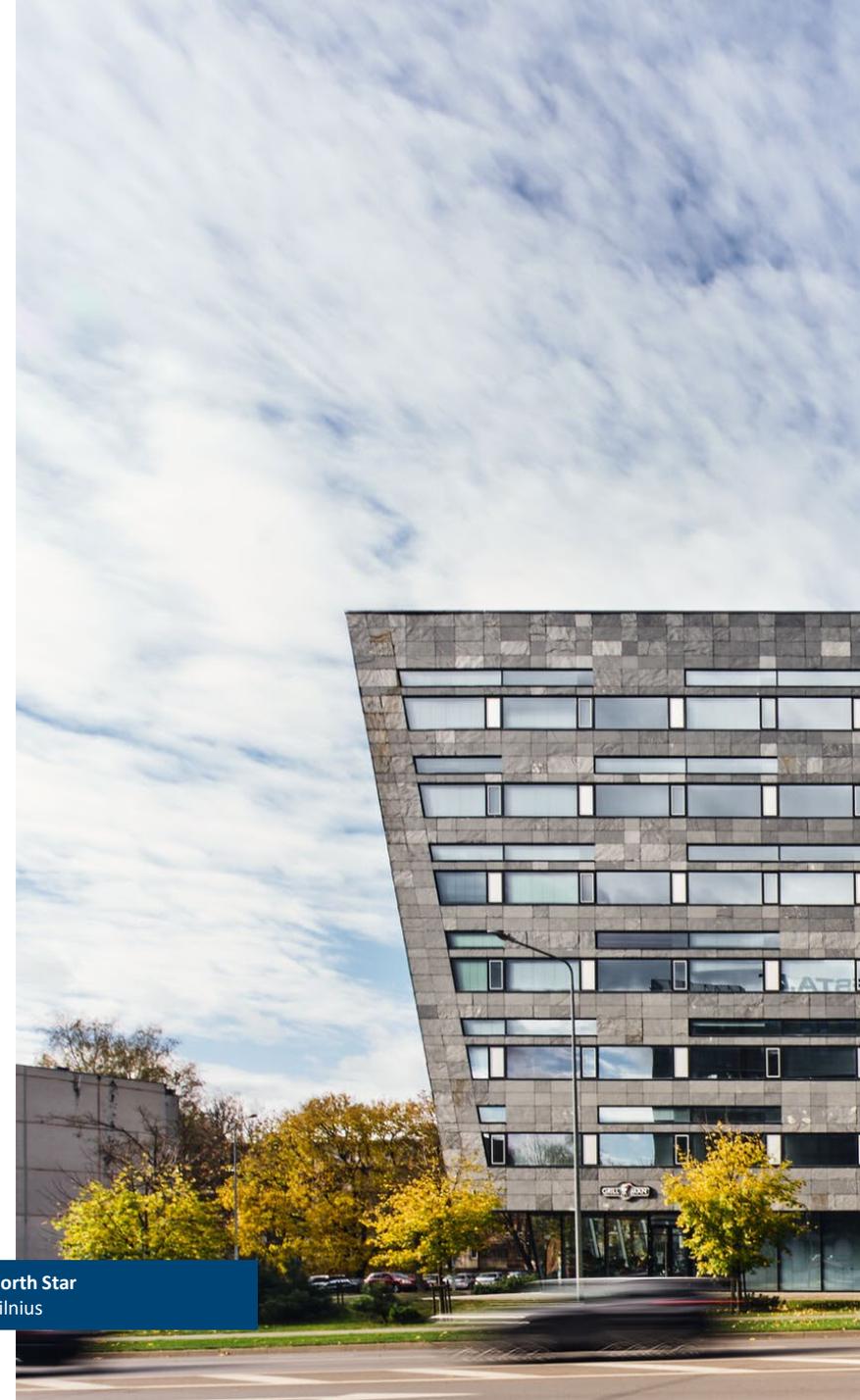
Description	Status	Likelihood	Impact	Severity
Physical risks are types of risks arising from changing climate patterns and might include flooding, drought, heat and water stress, extreme weather conditions and other similar risks. While some of the underlying physical risks can be and are assessed during due diligence process for relevant properties (such as flooding risk), other physical risks might require long-term scenario-based forecasting to assess a likelihood of a potential physical risk.		2	2	4

### Covid-19 measure

In 2021 health and safety measures in public spaces of our properties remained an important priority for our asset management. Besides all hygienic precautions ( increased ventilation capacity, extra cleaning, providing hand disinfectants) and mandatory requirements, the fund also has supported the tenants by giving them rent discounts, postponing the payments for the quarantine period for the most affected local businesses such as sports clubs, cafeterias, small shops. The tenants appreciated this greatly as for some of them the rent discount has been the only way to stay in business during the difficult period.

### Employees

The safety of our staff remained one of the highest priorities in 2021. Following the COVID outbreak in Europe, all our offices swiftly reorganized to remote work and colleagues have been working from the safety of their homes for the majority of 2021. Despite limited ability to see our colleagues in person due to travel restrictions, a handful of online company events were held during 2021 to promote team spirit, including a virtual walking challenge to promote healthy habits during lockdowns. Major decisions were made based on voting and for this reason, the company's anniversary has been postponed to 2022. Additionally, at the end of the year, gale NHC Voice was organized to understand how colleagues are satisfied with the work environment.



Consumption data

# Consumption data

COVID-19 has brought a substantial disruption to our way of economic life and, arguably, no positive outcomes of the pandemic could be distilled from the eventful year that was 2021. Yet the unprecedented and forced closure of our assets has brought a positive consumption trend to most of the portfolio assets of Baltic Horizon during 2020 and 2021.

Over 2020 and 2021 we saw a substantial decrease in all 4 measured data categories. However, the situation has not changed and stabilization in consumption trends was not achieved in 2021. There was lower than usual occupancy rate and fewer people visited our shopping centers. For this reason, we urge readers of this report to consider the fact that a comparison of consumption trends between 2020, 2021, and previous reporting periods could lead to misleading conclusions and data is not comparable between previous years due to the above-mentioned effect.

44,229 MWh	(8.0%)	69,554 m <sup>3</sup>
Portfolio energy consumption in 2021	Change in energy consumption over 2021	Portfolio water consumption in 2021
(-18.0%)	12,363 CO <sub>2</sub> e	(8.0%)
Change in water consumption over 2021	Portfolio GHG emissions in 2021	Change in GHG emissions over 2021

Source: Baltic Horizon

# Energy

**Total portfolio-level energy consumption in 2021 amounted to 44,229MWh increasing by 8% compared to 2020, and energy intensity increased from 195 kWh/m<sup>2</sup> to 212 kWh/m<sup>2</sup>.**

The decrease in energy during 2020 and 2021 can be primarily attributed to the COVID-19 pandemic that limited foot traffic in all our buildings, including both office and retail destinations. During pandemic. However, we see an overall increase in energy intensity in energy consumption in 2021. The highest increase of 40% in district heating figures over 2021 is due to the exceptionally long cold season, early autumn and late spring in the Baltic region, and also changed restrictions.

The portfolio level energy consumption data provides an overview of energy consumed by the buildings in the Baltic Horizon's portfolio. However, portfolio-level energy consumption data only displays portfolio-level consumption from the date of acquisition closing of a particular asset. The data provided in this section of the report includes both the landlord and tenant-controlled areas with certain exceptions for individual assets.

The energy consumption is split into three categories: electricity (incl. cooling), district heating, and fuels for properties that are using alternative methods for property heating (such as gas boilers). In the future, we aim to provide a further breakdown of renewable energy used in the portfolio of Baltic Horizon broken down to both on-site and off-site generated renewable energy.

Energy intensity in 2021 reached 212 kWh/sqm and increased by 8% compared to 2020. An increase in energy intensity is primarily linked to the longer heating season. However, there is an overall decrease in energy intensity compared to the pre-pandemic period which is linked to the building closures during the COVID-19 pandemic in 2020 and 2021.

Unlike the portfolio level consumption data, intensities are calculated by including consumption data for a full reporting year if such data for the property is available at the time of reporting. Energy use intensity is estimated by dividing the total energy use of the portfolio by the total gross area of the portfolio (incl. parking).



# GHG emissions

**Total portfolio greenhouse gas (GHG) emissions, expressed in tons of CO2 equivalent in 2021 reached 12,363 and were almost the same as in 2020.**

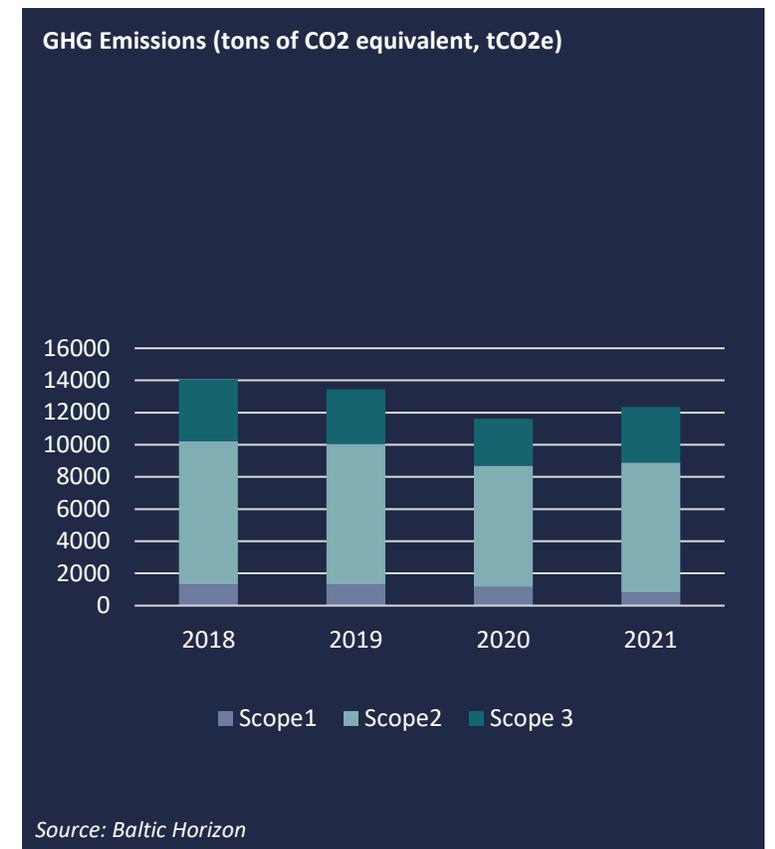
Portfolio level GHG emissions did not change even if overall energy intensity increased. Emission intensity measured in kilograms of CO2 equivalent per square meter reached 59 in 2021 and 2020. This is an overall decrease in GHG emissions over two years periods in 2020 and 2021 resulting primarily from decreased energy consumption that was caused by the COVID-19 lockdown. We expect to see an increase in GHG emissions in the 2022 period with the removal of quarantine restrictions.

In 2021 we started accounting for more environmental ESG KPIs. The full KPI list is on page 35 in the Environmental data summary table, however, data for 2020 and 2021 does not reflect the actual situation because of the pandemic and lock down the situation in all Baltic countries, that reflected in consumption data and GHG emissions.

**Scope 1.** Reflects the emission of fuels used on-premises in landlord-controlled assets.

**Scope 2.** Emissions from electricity and heating in landlord-controlled properties.

**Scope 3.** Emissions from waste in landlord-controlled properties and electricity and heating tenant-controlled properties.



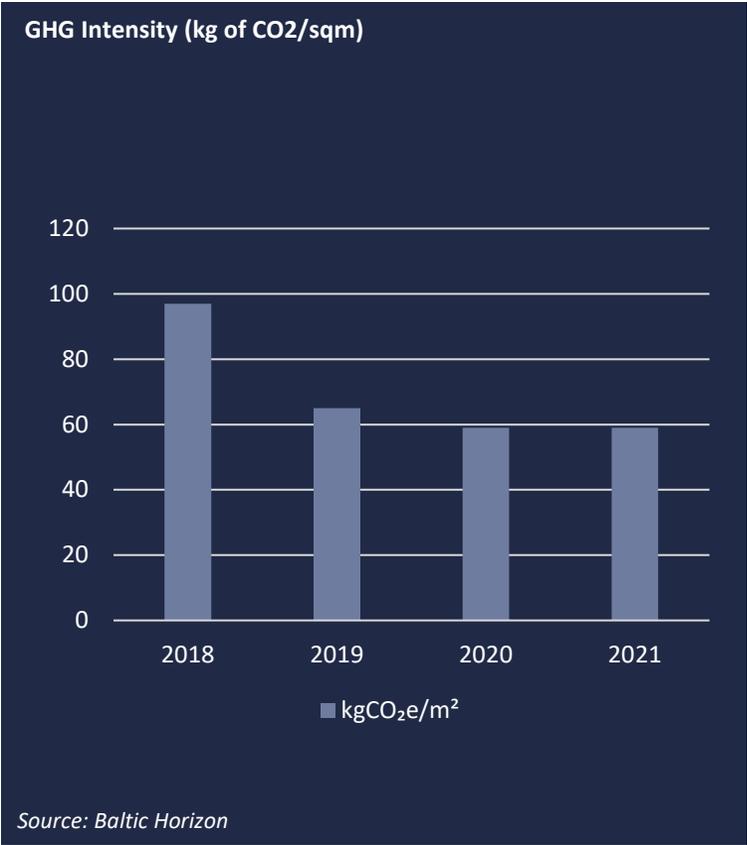
GHG emissions were calculated by applying a location-based methodology where different GHG emission factors are applied for different reporting years and different countries. These factors reflect the changing proportion of the energy types in the national grid of the Baltic states (eg. percentage of renewables and percentage of natural gas, etc.), leading to annual variations: electricity GHG emission factors have decreased in Estonia and Lithuania between 2020 and 2021 by 20% and 7% respectively while GHG emission factor has increased in Latvia by 12% over the same period. This is one of the reasons why there is an increase in energy consumption, but no significant increase in GHG emissions over 2021. The same emission factors were used for district heating and fuels for the 2018-2020 reporting periods. Emission factor source – International Energy Agency (2021).

Also, a new on-site solar panel station started to operate in 2021 on the Domus Pro rooftop and is also contributing to the that we do not observe an increase in emissions in 2021.

**GHG Emission Factors (g/CO<sub>2</sub>eq/kWh)**

Country	Electricity (incl. cooling)				District Heating	Natural Gas
	2018	2019	2020	2021		
Lithuania	137,3	78,8	70	65	247	240
Latvia	118,7	72,4	140	157		
Estonia	875,7	864,4	850	674		

*Source: International Energy Agency*

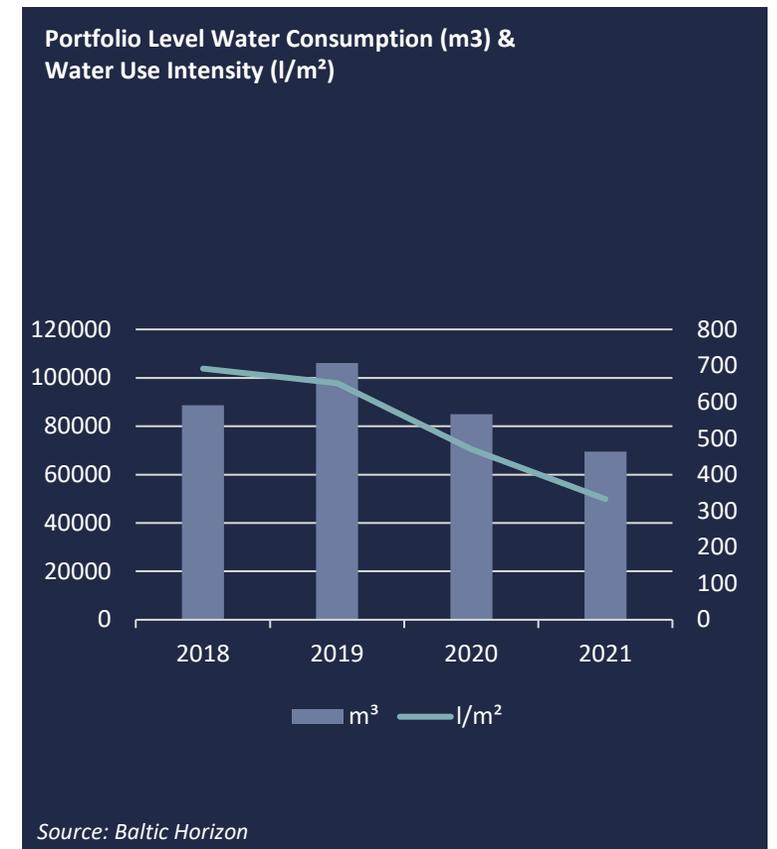


# Water

**Total portfolio level water consumption in 2021 reached ca. 85,056 m<sup>3</sup> decreasing by 18% over 2021 level. Portfolio data water consumption intensity in 2021 has decreased by about 29% compared to 2020. As in the case of 2020 water consumption, a decrease in total water consumption in 2021 could be attributed to decreased building activity due to COVID-19 pandemic as well.**

The portfolio level water consumption data provides an overview of water consumed in the buildings of the Fund. However, portfolio level water consumption data only displays consumption from the date of acquisition closing of a particular asset. The data provided in this section of the report includes both the landlord and tenant-controlled areas. Currently, no assets in Baltic Horizon's portfolio utilize water recycling systems.

Water use intensity in 2021 reached 333 liters/sqm and decreased by 30% compared to 2020 (470 l/m<sup>2</sup>). This is a continuous 30 % reduction for two years in a row. However, this water usage intensity decrease could be primarily explained by the COVID-19 pandemic resulting in smaller building foot traffic and occupancy rates in 2022, also there were some water equipment changes to more water-saving taps, however, to measure their efficiency the normal occupancy rate should be reached. Unlike the portfolio level consumption data, intensities are calculated by including consumption data for the full reporting year if such data for the property is available. Water-use intensity is estimated by dividing the total water usage of the portfolio by the total gross area of the portfolio (excl. parking).



# Waste

**Collection of waste data is one of the most challenging factors in consumption data collection for Baltic Horizon. Availability of data was massively improved during the year 2021, however challenge to receive actual data remains a challenge.**

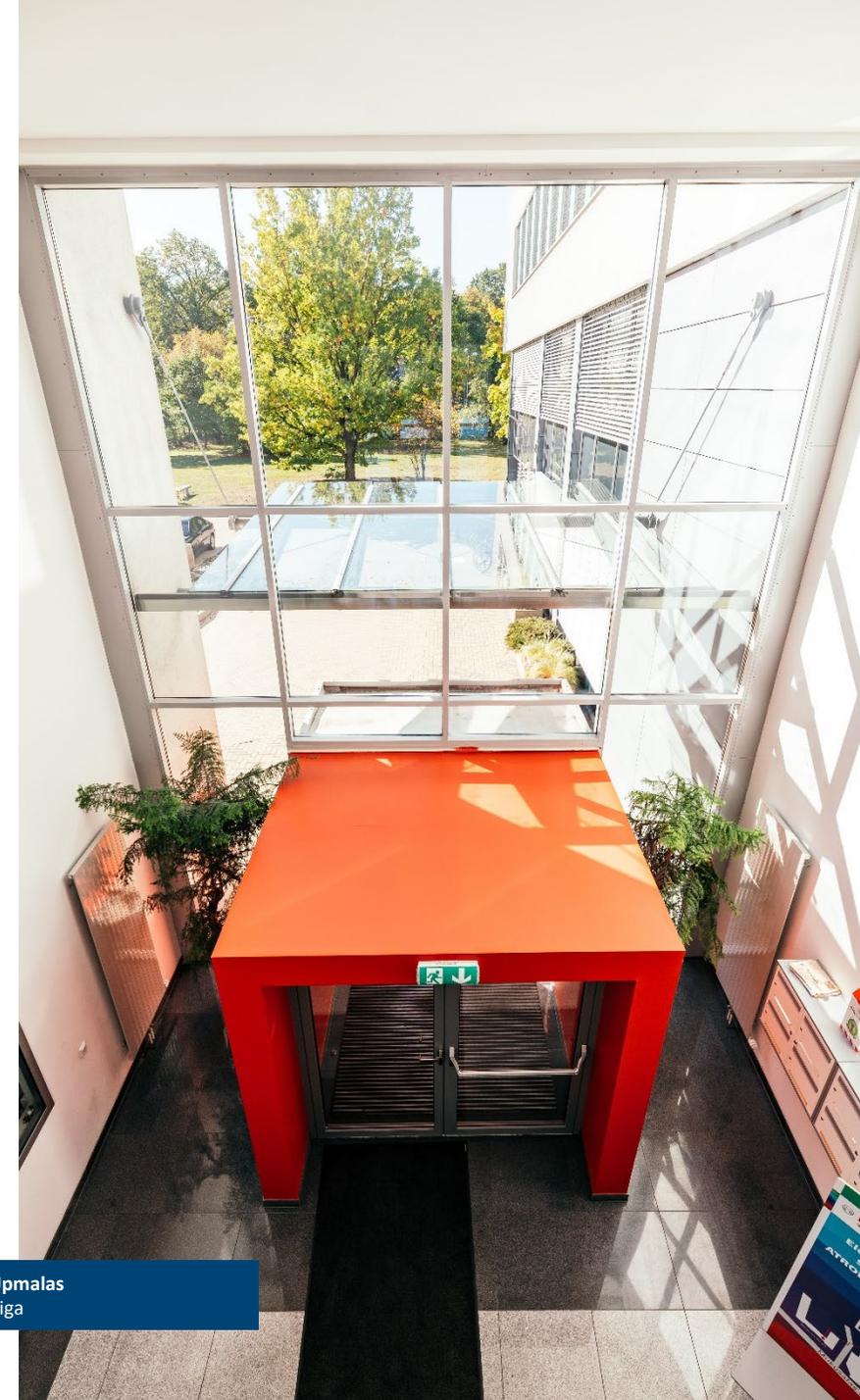
Waste management firms in the Baltics that service properties of Baltic Horizon use different measurement methodologies or in certain cases cannot provide information regarding the quantity of waste generated at specific properties leading to a situation where only a handful of properties in the portfolio report actual waste generation data.

As a result of this, we cannot provide reliable waste generation data on a portfolio level for this report. The team of Baltic Horizon will investigate solutions to obtain credible waste generation data.

Baltic Horizon reports waste generation data for the GRESB Real Estate Assessment. A mixture of reported data and estimates of waste generation for the remainder of the portfolio is used. The estimates are derived by using data provided by the property managers such as type of waste bins (general waste, paper, etc.), the volume of waste bins in m<sup>3</sup>, and frequency of service.

Using these variables and applying specific conversion factors based on the type of waste we can approximate expected waste generation in the property. However, one major flaw of this method is assuming that serviced waste bins are completely full which might yield excessive estimates of waste generation. To receive actual data would require changing waste management companies and private suppliers. This would not only make data gathering accurate. But would also allow us to choose the most sustainable company to reduce the scope 3 emissions. This option was investigated in Lithuania for now, but we are aiming to investigate the situation in Estonia and Latvia in 2022. Despite inaccurate data is important to calculate it on the best effort basis and later compare once the accurate data is being retrieved.

At the moment we are reporting on the 2020 and 2021 waste data in the next section of the Environmental data summary. There is an increase in total waste per unit of revenue (kg/thousand EUR) in 2021 because reporting on waste became more accurate and more data became available.



Upmalas  
Riga

# Environmental data summary

Operational Parameters					
	Unit	2018	2019	2020	2021
Total Revenue	thousand EUR	15860	20776	21.697	19.495
Total Assets	thousand EUR	260878	371.734	340.000	327.400
Total Equity	thousand EUR	109805	152.518	136.321	132.584
Number of full-time equivalent employee	FTEs	11	17	18	17
Total space for own operation	m <sup>2</sup>	145.732	208.616	208.616	208.616

Key performance indicators					
	Unit	2018	2019	2020	2021
GHG emissions per FTE	tCO <sub>2</sub> e/FTEs	1.279,1	791,7	685,9	727,2
Development of GHG emissions per FTE	%		-62%	-15%	6%
GHG emissions per unit of revenue	kgCO <sub>2</sub> e/ thousand EUR	887,1	647,8	569,0	634,2
Development of GHG per revenue	%		-37%	-14%	10%

Environmental					
Greenhouse Gas Emissions					
	Unit	2018	2019	2020	2021
Scope 1	tCO <sub>2</sub> e	1.324	1301	1.150	827
Scope 2 (location-based)	tCO <sub>2</sub> e	8.889	8.740	7.554	8.076
Scope 2 (market-based)	tCO <sub>2</sub> e				
Scope 3	tCO <sub>2</sub> e	3.857	3.418	2.913	3.455
Gross operational carbon emission	tCO <sub>2</sub> e	14.070	13.459	12.346	12.363
Total emissions neutralized by carbon offset projects	tCO <sub>2</sub> e	0	0	0	0
Net operational carbon emissions	tCO <sub>2</sub> e	14.070	13.459	12.346	12.363

UNGC: P7|GRI 305-1,305-2,305-3|SASB: General Issue / GHG Emissions|TCFD: Metrics & Targets

Emissions Intensity					
	Unit	2018	2019	2020	2021
GhG emissions per megawatt-hour consumed	kgCO <sub>2</sub> e/MWh	383,9	323,7	303,4	279,5
GhG emissions per full-time equivalent (FTE) employee	tCO <sub>2</sub> e/FTEs	1.279,1	791,71	685,9	773
GhG emissions per unit of revenue	kgCO <sub>2</sub> e/ thousand EUR	887,1	647,8	569,0	634,2
GhG emissions per unit of equity	kgCO <sub>2</sub> e/ thousand EUR	128	88	91	93
GhG emissions per unit of equity	tCO <sub>2</sub> e/ thousand EUR	0,1281	0,0882	0,0906	0,0932
GhG emissions per unit of space (m <sup>2</sup> )	kgCO <sub>2</sub> e/m <sup>2</sup>	97	65	59	59

UNGC: P7, P8|GRI 305-4 |SDG: 13|SASB: General Issue / GHG Emissions, Energy Management

Energy Usage					
	Unit	2018	2019	2020	2021
Total energy consumption	kWh	36653458	41576000	40695420	44229062
Of which energy from electricity	kWh	22903122	28475338	27023100	26153653
Of which energy from hot water	kWh				
Of which form fuels	kWh	5517635	5419918	4793451	5581483
Of which energy from heating	kWh	8232701	7680744	8878869	12493926

UNGC: P7, P8|GRI 302-1, 302-2|SDG: 12|SASB: General Issue / Energy Management

Energy Intensity					
	Unit	2018	2019	2020	2021
Energy per full-time equivalent (FTE) employee	kWh/FTEs	2.036.303	2.309.778	2.260.857	2.764.316
Energy per unit of revenue	kWh/thousand EUR	2.311	2.001	1.876	2.269
Energy per square meter	kWh/m <sup>2</sup>	252	199	195	212

UNGC: P7, P8|GRI 302-3|SDG: 12|SASB: General Issue / Energy Management

Environmental					
Water Usage					
	Unit	2018	2019	2020	2021
Total water consumption	m <sup>3</sup>	88695	106142	85.056	69.554
Water use intensity	l/m <sup>2</sup>	692	652	470	333

GRI: 303-5|SDG: 6|SASB: General Issue / Water & Wastewater Management

Environmental Operations					
	Unit	2018	2019	2020	2021
Does your company follow a formal Environmental Policy?	yes/no	yes	yes	yes	yes
Does your company follow specific waste, water, energy, and/or recycling policies?	yes/no	no	no	no	no
Does your company use a recognized energy management system?	yes/no	no	no	no	no

GRI: 103-2|SASB: General Issue / Waste & Hazardous Materials Management

Climate Oversight / Board					
	Unit	2018	2019	2020	2021
Does your Board of Directors oversee and/or manage climate-related risk?	yes/no	N/A	N/A	yes	yes

GRI: 102-19, 102-20, 102-29, 102-30, 102-31|SASB: General Issue / Business Model Resilience, Systematic Risk Management|TCFD: Governance (Disclosure A)

Climate Oversight / Management					
	Unit	2018	2019	2020	2021
Does your Senior Management Team oversee and/or manage climate-related risks?	yes/no	yes	yes	yes	yes

GRI: 102-19, 102-20, 102-29, 102-30, 102-31|SASB: General Issue / Business Model Resilience, Systematic Risk Management|TCFD: Governance (Disclosure B)

Waste Management					
	Unit	2018	2019	2020	2021
Total waste generated	kg	N/A	N/A	1.496	3.382

GRI: 306-2

Waste Intensity					
	Unit	2018	2019	2020	2021
Total waste per unit of revenue	kg/thousand EUR	N/A	N/A	69	173

Emissions neutralized by carbon offset projects					
	Unit	2018	2019	2020	2021
Total emissions offset	tCO <sub>2</sub> e	0	0	0	0

# GRI disclosures

# GRI disclosures

## 102-8 Information on employees

Team of Baltic Horizon is located in two countries – Estonia and Lithuania. Fund managers, analysts, marketing, and retail portfolio manager are located in Estonia, with Lithuania hosting mostly back-office functions such as fund controlling, treasury, legal support, investment underwriting, ESG staff, and other functions. The supporting staff splits their time between Baltic Horizon and other funds managed by Northern Horizon Capital Group of companies. Employees supporting Baltic Horizon are either employed by the Management Company of Baltic Horizon or other companies that are part of Northern Horizon Capital Group. Historical employee information with breakdowns by gender, employment type, and age is provided in the table below.

## 102-9 Supply chain

### 102-10 Significant changes to the organization and its supply chain

The majority of suppliers of Baltic Horizon are located in the Baltics and include property management, property maintenance, construction, consulting, legal, and other related service providers. For more information regarding total expenditure by Baltic Horizon in relation to its supply chain please refer to the financial statements in the Annual Report 2021 of Baltic Horizon.

No significant changes to the supply chain of Baltic Horizon have occurred over 2021.

Regarding significant changes to the organization please refer to the Annual Report 2021 of Baltic Horizon.

<sup>5</sup> Temporary staff – interns, consultants or other staff that worked in Northern Horizon Capital during the reporting period on a short-term contract basis.

2021						
	Total	Lithuania	Estonia	2020	2019	2018
<b>Total</b>	17	14	3	18	17	11
Of which Women	10	8	2	12	11	7
% of total	71	71	67	67	65	64
<b>Breakdown by Employment Type - Female</b>						
Full-time	11	10	1	11	10	7
Part-time	-	-	1	1	1	-
Temporary staff <sup>5</sup>	-	-	-	-	-	-
<b>Breakdown by Age Group - Female</b>						
Below 30	3	1	2	4	4	3
30-50	8	7	-	8	7	4
Above 50	-	-	-	-	-	-
<b>Breakdown by Employment Type - Male</b>						
Full-time	5	4	1	6	6	4
Part-time	-	-	-	-	-	-
Temporary staff <sup>5</sup>	-	-	-	-	-	-
<b>Breakdown by Age Group - Male</b>						
Below 30	2	2	-	2	2	1
30-50	2	1	1	3	3	2
Above 50	1	1	-	1	1	1

Source: Baltic Horizon

### **102-11 Precautionary Principle or approach**

Baltic Horizon, being a listed entity, conducts its operations in compliance with all applicable local and international laws and regulations. In addition to this, activities of the Fund are governed by an exhaustive list of internal policies and strategic guidelines including but not limited to Insider Information Policy, Conflicts of Interest Policy, Code of Conduct, Anti-Corruption Policy, Responsible Investment Policy, and others.

The primary document governing the Fund's approach to ESG is the Responsible Investment Policy, which is applicable to the entire Northern Horizon Capital Group. Additionally, ESG-related risks are assessed during each individual investment decision. While important, ESG aspects are not the only factors governing operations of Baltic Horizon.

### **102-13 Membership in associations**

We strongly feel that continued commitment to high ESG standards is the best way for our investors to achieve their investment goals

while at the same time ensuring that the environment and communities can benefit as well. And for that we align our efforts with leading market standards: Management Company of Baltic Horizon and Northern Horizon Capital Group are either together or individually members of EPRA, INREV, SIPA, RAKLI, INREV, UNPRI, and GRESB. Northern Horizon Capital A/S, the parent company of Northern Horizon Capital Group is also a signatory of the United Nations-supported Principles for Responsible Investment (UNPRI) since 2014.

### **102-16 Values, principles, standards, and norms of behavior**

Baltic Horizon is managed according to an internal list of policies and principles as indicated in disclosure "102-11 Precautionary Principle or approach". Management Company of Baltic Horizon requires that external service providers, employees, and all other relevant stakeholder groups act in accordance with these internal policies and principles to the extent that is possible. These policies are updated and reviewed regularly.

The compliance officer of the Management Company is responsible for ensuring that these policies are taken into consideration in the daily activities of Baltic Horizon. The management board of Northern Horizon Capital A/S approves all internal policies.

### **102-40 List of stakeholder groups**

### **102-42 Identifying and selecting stakeholders**

### **102-43 Approach to stakeholder engagement**

### **102-44 Key topics and concerns raised**

Operations of Baltic Horizon expand beyond direct investment and management of real estate assets and have a direct impact on wider society and communities. It is our duty to ensure that this impact is positive and as such we are aligning our business focus with the larger goals of society to improve the well-being of those that are around us. By ensuring that our investment activities have a positive environmental and social impact, we put a strong emphasis on the benefits that our business can have to our stakeholders.

We define 4 core groups of stakeholders that are key to the success of our business:

**Investors:** we build relationships with our investors on transparency by ensuring strong performance together with a positive ESG impact. In 2021 we made an extra effort to understand and follow the needs of investors in the constantly evolving ESG environment, participate in their events to understand what is the main focus and how to best meet their requirements, and answer the questions.

**Tenants:** tenant retention and commitment to our assets is a core focus of our asset management efforts. We aim to be a considered asset owner that reacts to the needs and suggestions of our tenants.

**Partners:** we continuously engage with our business partners to ensure smooth communication that is built on mutual values of trust, transparency, and professionalism.

**Employees:** we are committed to creating sustainable value for our unitholders with integrity and believe empowering our employees is the key to maintaining and creating excellent product performance.

Stakeholder engagement summary			
Stakeholder Group	Ways of Engagement	Frequency of Engagement	Key Topics
Investors	Calls, meetings	Ad hoc	Business strategy, ESG strategy
	Financial reports	Quarterly and annual	Business performance, financial results
	Annual general meeting	Annual	Business performance, business strategy, financial results
	Surveys	Ad hoc	Application of market accepted ESG standards and frameworks, ESG strategy
Tenants	Satisfaction surveys	At least once every 3 years	Satisfaction with property management, quality of premises, communication, sustainability
	Meetings	Ad hoc	Asset management strategy
Partners (property managers, other service providers)	Meetings	Monthly, ad hoc	Property performance and results, ongoing property related matters, ESG strategy implementation, consumption data, energy efficiency, financing
Employees	Satisfaction surveys	Once every 2-3 years	Employee satisfaction, engagement and commitment to the firm, involvement in ESG activities
	Performance reviews	Annual	Personal and professional growth, development goals
	Training	2-4 times a year	Training on relevant policies, professional training, ESG training
	Strategy meetings	Annual	Business strategy, ESG strategy, goals for upcoming periods

Source: Baltic Horizon

The above-mentioned four stakeholder groups are defined as the most important due to constant engagement and the importance of their impact to the operations of Baltic Horizon. Refer to the table below to see how Baltic Horizon engages with the above-defined stakeholder groups.

#### **102-46 Defining report content and topic Boundaries**

#### **102-47 List of material topics**

#### **103-1 Explanation of the material topic and its Boundary**

#### **103-2 The management approach and its components**

#### **103-3 Evaluation of the management approach**

The list of material topics covered in this report is based on the decision of the management team of the Fund following continuous engagement with our key stakeholder groups. We seek to actively collect feedback from our stakeholders and include relevant reporting topics in our sustainability disclosures based on this feedback. This report makes a comprehensive representation of ESG

topics that are relevant to our stakeholders. While the report covers the major topics of relevance, it is challenging to include all material topics in this report that are limited by the availability of credible information. However, it is our understanding that this approach fundamentally delivers on the 4 reporting principles of GRI (stakeholder inclusiveness, sustainability context, materiality, and completeness) to create a comprehensive ESG disclosure to inform our stakeholders. In the future, we plan to undertake a formal materiality analysis involving all major stakeholder groups.

Regarding topic Boundaries, all below mentioned topics are relevant across all business operations of Baltic Horizon, in all investment geographies, and across the investment, portfolio management, and asset management processes. The list of material topics included in this report contains the following:

#### **Relevant ESG developments**

Our ESG focus encapsulates both long-term projects as well as individual ESG initiatives that could be relevant for a single reporting

period. We want to provide a comprehensive update of relevant ESG initiatives that have taken place over the last twelve months to inform our stakeholders. The content of relevant ESG developments might differ from one reporting period to another.

#### **Consumption data**

The real estate industry has a large direct impact on society and the environment: according to EU Commission, buildings are responsible for 40% of energy consumption and 36% of CO2 emissions in the EU. Baltic Horizon is one of the largest real estate asset owners in the Baltics paying close attention to its business impact on the environment and wider society. We understand that our real estate activities have a direct impact on various stakeholder groups, and we want to make sure that this impact is positive to the best of our capabilities. In accordance with our Responsible Investment policy, we consider it important to track the consumption metrics of the Fund's portfolio and see an improvement of these consumption metrics over time in order to make sure that our investment and asset management activities are not harming the environment and

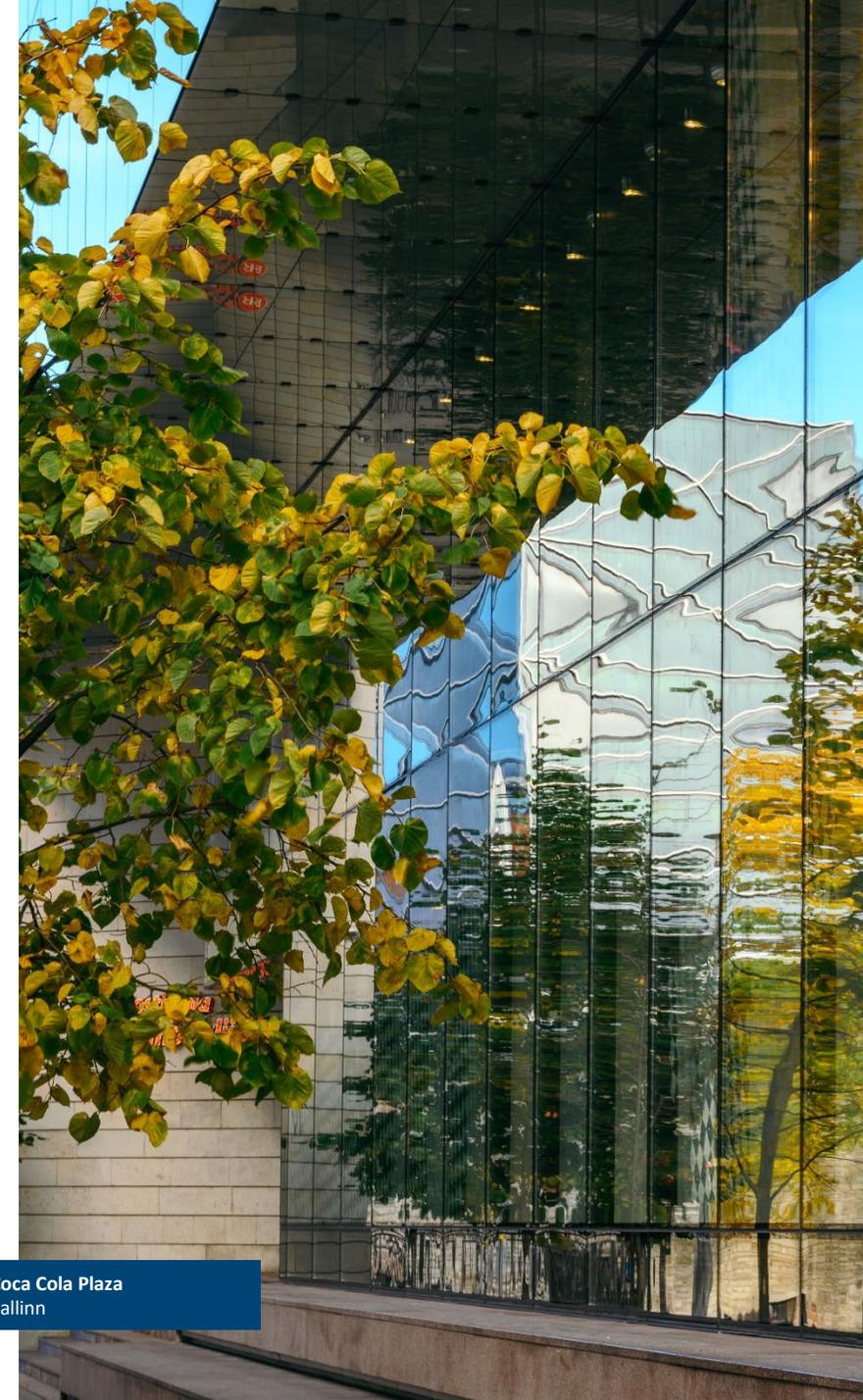
society. Currently, the Fund tracks property level consumption indicators on four data segments (energy, water, waste, and GHG) that are tracked annually starting from 2018. So, 2018 was chosen as a base year for ESG reporting.

The information is then aggregated at portfolio level to indicate portfolio level consumption and derive relevant reporting metrics. We are planning to monitor this information on continuous basis and disclose portfolio level data annually in either separate ESG reports or integrated in annual reports of Baltic Horizon. All consumption data indicators and concerns as well as additional information related to these indicators are covered in section “Consumption Data” of this report.

Stakeholder engagement: information on the topic boundary, stakeholder engagement, development and diversity can be found in the section “Baltic Horizon and ESG in 2020” and GRI disclosures 102-8, and 404.

Business ethics: Baltic Horizon being a regulated closed-end contractual investment fund listed on two stock exchanges is subject to strong legal and regulatory supervision. This supported by our own internal governance standards creates a business environment where ethics and appropriate code of conduct are important factors governing our daily business decisions.

Maintaining high standards of code of conduct paired with principle of zero tolerance for corruption or any form of illegal behavior is imperative in our business where we are dealing with a large number of external partners. To make sure that all staff of Baltic Horizon fosters same ethical principles and behavior regular compliance training sessions are held. Further to that, all employees of Baltic Horizon must be compliant with a list of internal business ethics policies that consist of Code of Conduct, Anti-corruption policy and other supporting policies and internal documents. Additional information regarding compliance training is provided in GRI disclosures 205.



Coca Cola Plaza  
Tallinn

#### **102-48 Restatements of information**

#### **102-49 Changes in reporting**

Restatements of information from the 2020 Baltic Horizon annual ESG report:

Total portfolio-level energy consumption in 2020 amounted to ca. 40,695 MWh decreasing by ca. 4% over the 2019 level. The like-for-like decrease was even larger and reached 15% over the 2019 energy consumption level. GHG emissions: 2020 reached 12,346 and were 8% lower compared to 2019.

2020 GHG emissions for CC Plaza, G4S, and Vainodes assets have been placed under Scope 3 emissions as these are mostly tenant-controlled buildings.

The last ESG report has been published in September 2021.

#### **102-50 Reporting period**

#### **102-52 Reporting cycle**

Reporting period – calendar year basis (from 1st of January to 31st of  
42 ESG Report 2021

December). This sustainability report will be issued on annual basis.

#### **102-53 Contact point for questions regarding the report**

Contact point for questions regarding the report: Tarmo Karotam, Fund Manager, tarmo.karotam@nh-cap.com, Vasarė Krikštopaitytė, ESG Officer, vasare.krikstopaityte@nh-cap.com.

#### **102-54 Claims of reporting in accordance with the GRI Standards**

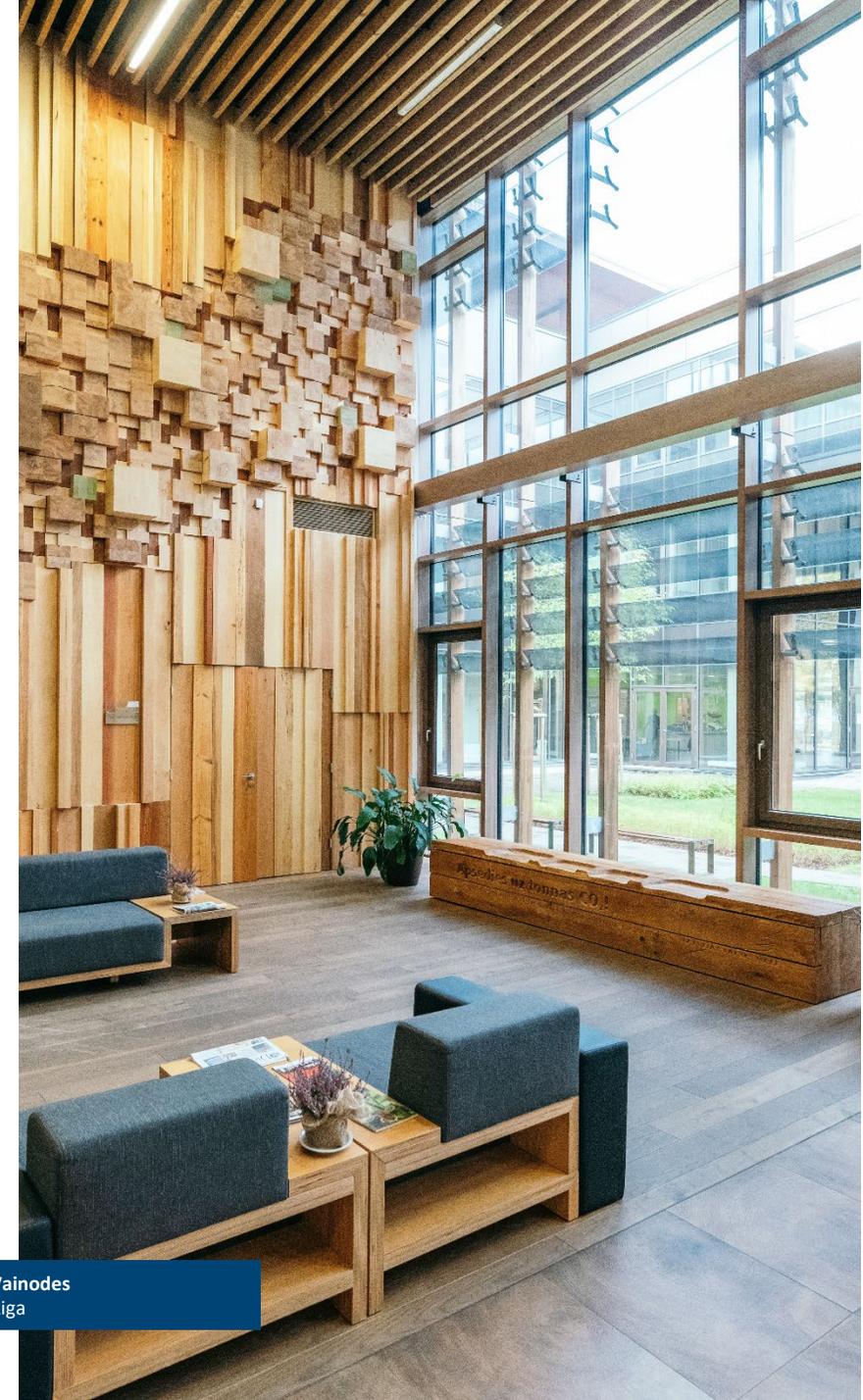
#### **102-56 External assurance**

This report has been prepared in accordance with the GRI Standards: Core option. Report has not been externally assured.

#### **205-2 Communication and training about anti-corruption policies and procedures**

#### **205-3 Confirmed incidents of corruption and actions taken**

Baltic Horizon is managed by maintaining the highest corporate governance standards with the mindset of zero tolerance for corruption and bribery or any other illegal form of activity as a primary guiding principle.



Vainodes  
Riga

The Management Company of Baltic Horizon has a series of governing documents and policies indicating sets of principles for transparent and ethical business behavior, the backbone of which is the Code of Conduct and Anti-corruption policies together with a series of other supporting documents. All policies are reviewed on a regular basis and approved by the management board of Northern Horizon Capital A/S – the parent company of Northern Horizon Capital Group.

Over 2021, a series of training sessions were held for all employees (including all employees that are members of internal governance bodies) of Baltic Horizon. Trainings were based on updated internal policies and included the following topics: code of conduct, business ethics, KYC / AML awareness and procedures, fraud prevention, and financial control procedures. Training materials usually include updates on relevant changes in legislation, updated procedures and principles of internal policies as well as case studies that illustrate possible business scenarios that employees might expect to encounter in their day-to-day operations.

Training sessions regarding compliance with internal company policies are obligatory for all company employees. If an employee cannot participate in the training session, they are required to review the training materials and consult relevant people within the company if they have any questions. A separate training session for members of the governance bodies of Baltic Horizon that are not employees of Northern Horizon Capital has not been held.

No cases of corruption have been identified in Baltic Horizon or Management Company of the Fund in 2021.

#### **404-3 Percentage of employees receiving regular performance and career development reviews**

Employee development is a key element for the continued success of Baltic Horizon, so annual performance and career development reviews are an important internal procedure of the Management Company of the Fund. Following a successful rollout of the 360-degree feedback assessment across Northern Horizon Capital Group in 2019, the same assessment methodology was utilized in 2021.

This performance review tool allows employees to self-evaluate individual performance as well as collect feedback from immediate peer groups to provide comprehensive and exhaustive feedback to individuals on their performance and provides support for continued improvement. In 2021 the employee performance review from a total of 17 colleagues that work with Baltic Horizon, 82% of employees participated in the performance review process and received individualized feedback with a detailed summary report. Additionally, these colleagues had separate feedback sessions with their immediate supervisor to discuss their performance over 2021 and identify key areas for improvement in 2022.

## Social data summary

The table below summarizes social aspects covered by the internal policy of the Northern Horizon Capital A/S which applies to the Baltic Horizon.

The summary contains references to the GRI reporting framework, The Sustainability Accounting Standards Board (SASB) and United Nations Global Compact, and the United Nations sustainable development goals (UN SDGs) to show the interconnection between reporting standards and reporting metrics.

In the 2021 reporting period, some additional metrics have been added. We were aiming to keep data as transparent as possible, so 2018 was left as the base year when the company started reporting on ESG metrics, however, years, when this wasn't reported, were mainly left as not available.

Non-Discrimination	Unit	2018	2019	2020	2021
Does your company follow a sexual harrasment and/or non-discriminatory policy?	yes/no	yes	yes	yes	yes
<i>UNGC: P6 GRI: 103-2 (see also: GRI 406: Non-Discrimination 2016) SASB: General Issue / Employee Engagement, Diversity &amp; Inclusion</i>					
Total number of injuries and fatalities, relative to the total workforce	%	0	0	0	0
Global Health & Safety	Unit	2018	2019	2020	2021
Does your Company publish and follow an occupational health and/or global health & safety policy	yes/no	yes	yes	yes	yes
Total absence from work (X) to total working hours of all employees	%	N/A	N/A	N/A	7,70
Absence from work due to long-term illness (X) to total working hours of all employees	%	N/A	N/A	N/A	2,30
Absence from work due to short-term illness (X) to total working hours of all employees	%	N/A	N/A	N/A	5,40
<i>GRI: 103-2 (See also: GRI 403: Occupational Health &amp; Safety 2018) SDG: 3 SASB: General Issue / Employee Health &amp; Safety</i>					
Child & Forced Labor	Unit	2018	2019	2020	2021
Does your company follow a child labor policy?	yes/no	no	no	no	no
Does your company follow a forced labor policy?	yes/no	no	no	no	no
If yes, do your child and/or forced labor policy cover suppliers and vendors?	yes/no	no	no	no	no
<i>S9 GRI: 103-2 (See also: GRI 408: Child Labor 2016, GRI 409: Forced or Compulsory Labor, and GRI 414: Supplier Social Assessment 2016) UNGC: P4, P5 SDG: 8 SASB: General Issue / Labor Practices</i>					
Human Rights	Unit	2018	2019	2020	2021
Does your company publish and follow a human rights policy?	yes/no	yes	yes	yes	yes
If yes, does your human rights policy cover suppliers and vendors?	yes/no	yes	yes	yes	yes
<i>S10 GRI: 103-2 (See also: GRI 412: Human Rights Assessment 2016 &amp; GRI 414: Supplier Social Assessment 2016) UNGC: P1, P2 SDG: 4, 10, 16  SASB: General Issue / Human Rights &amp; Community Relations</i>					

Source: Baltic Horizon

Employee performance review statistics			
	Total employees	Performance Review	%
Total	17	14	82
Total Women	12	10	83
<b>Breakdown by Employment Type</b>			
Full-time	12	10	83
Part-time	0	0	0
Temporary staff	0	0	0
Total Men	5	4	80
<b>Breakdown by Employment Type</b>			
Full-time	5	4	80
Part-time	0	0	0
Temporary staff	0	0	0

Source: Baltic Horizon

#### 405-1 Diversity of governance bodies and employees

Governance bodies of Baltic Horizon comprise of individuals having years of experience in fields of real estate, finance, management and business. Individuals occupying positions on the governance bodies of Baltic Horizon at the end of 2021 consisted of both

	2021	2020
<b>Management Board of the Management Company</b>		
Total	3	3
<b>Women</b>	1	1
Below 30	-	-
30-50	1	1
Above 50	-	-
<b>Men</b>	2	2
Below 30	-	-
30-50	1	1
Above 50	1	1

Source: Baltic Horizon

individuals holding internal positions inside Northern Horizon Capital Group of companies and external professionals. For more information regarding the governance bodies of the Fund please refer to the Annual Report 2021 of Baltic Horizon.

Refer to section “102-Information on employees” for diversity statistics for the staff of Baltic Horizon.

	2021	2020
<b>Supervisory Board of the Management Company</b>		
Total	3	3
<b>Women</b>	2	2
Below 30	-	-
30-50	2	2
Above 50	-	-
<b>Men</b>	1	1
Below 30	-	-
30-50	1	1
Above 50	-	-

<b>Supervisory Board of the Fund</b>		
Total	4	4
<b>Women</b>	-	-
Below 30	-	-
30-50	-	-
Above 50	-	-
<b>Men</b>	4	4
Below 30	-	-
30-50	-	-
Above 50	4	4

Source: Baltic Horizon

## Governance data summary

The summary contains references to the GRI reporting framework, The Sustainability Accounting Standards Board (SASB) and United Nations Global Compact, and the United Nations sustainable development goals (UN SDGs) to show the interconnection between reporting standards and reporting metrics.

In the 2021 reporting period, we aim to expand reporting metrics and KPIs also to unify reporting, hence some previous year data might not be available for the governance part. This data summarizes 2018, 2019, 2020, and 2021 governance data. We were aiming to keep data as transparent as possible, so 2018 was left as the base year when the company started reporting on ESG metrics.

Governance					
<b>Board Diversity</b>	Unit	2018	2019	2020	2021
Total board seats occupied by women (as compared to men)	%	N/A	N/A	30%	30%
<i>GRI 405-1 SDG: 10 SASB: General Issue / Employee Engagement, Diversity &amp; Inclusion (See also: SASB Industry Standards)</i>					
<b>Board Independence</b>	Unit	2018	2019	2020	2021
Does the company prohibit CEO from serving as board chair?	yes/no	no	no	no	no
Total board seats occupied by independents	%	70%	70%	70%	70%
<i>GRI: 102-23, 102-22</i>					
<b>Incentivized Pay</b>	Unit	2018	2019	2020	2021
Are executives formally incentivized to perform on sustainability	yes/no	no	no	no	no
<i>GRI: 102-35</i>					
<b>Collective Bargaining</b>	Unit	2018	2019	2020	2021
Total enterprise headcount covered by collective bargaining agreements (X) to the total employee population	%	N/A	N/A	N/A	N/A
<i>UNGC: P3 SDG: 8 GRI: 102-41 SASB: General Issue / Labor Practices (See also: SASB Industry Standards)</i>					
<b>Ethics &amp; Anti-Corruption</b>	Unit	2018	2019	2020	2021
Does your company follow an Ethics and/or Anti-Corruption policy?	yes/no	yes	yes	yes	yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?	%	100	100	100	100
<i>UNGC: P10 SDG: 16 GRI: 102-16, 103-2 (See also: GRI 205: Anti-Corruption 2016)</i>					
<b>Data Privacy</b>	Unit	2018	2019	2020	2021
Does your company follow a Data Privacy policy?	yes/no	yes	yes	yes	yes
Has your company taken steps to comply with GDPR rules?	yes/no	yes	yes	yes	yes
<i>GRI: 418 Customer Privacy 2016 SASB: General Issue / Customer Privacy, Data Security (See also: SASB Industry Standards)</i>					
<b>ESG Reporting</b>	Unit	2018	2019	2020	2021
Does your company publish a sustainability report?	yes/no	yes	yes	yes	yes
Is sustainability data included in your regulatory filings?	yes/no	yes	yes	yes	yes
<i>UNGC: P8</i>					
<b>Disclosure Practices</b>	Unit	2018	2019	2020	2021
Does your company provide sustainability data to sustainability reporting frameworks?	yes/no	yes	yes	yes	yes
Does your company focus on specific UN Sustainable Development Goals (SDGs)?	yes/no	no	no	no	yes
Does your company set targets and report progress on the UN SDGs?	yes/no	no	no	no	no
<i>UNGC: P8</i>					
<b>External Assurance</b>	Unit	2018	2019	2020	2021
Are your sustainability disclosures assured or validated by a third party?	yes/no	no	no	no	no
<i>UNGC: P8 GRI: 102-56</i>					

Source: Baltic Horizon

# GRI content index

# GRI content index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND / OR URL(S)	COMMENTS / OMISSIONS
GRI 101: Foundation 2016	-	-	No disclosures under this GRI standard
	102-1 Name of the organization	Page 2, Annual Report 2020. Page 2 of this report	
	102-2 Activities, brands, products, and services	Page 2, Annual Report	
	102-3 Location of headquarters	Page 2, 51	
	102-4 Location of operations	Page 2, 37	
	102-5 Ownership and legal form	Page 2, Annual Report	
	102-6 Markets served	Annual Report	
GRI 102: General Disclosures 2016	102-7 Scale of the organization	Annual Report	
	102-8 Information on employees and other workers	Page 37	
	102-9 Supply chain	Page 37	
	102-10 Significant changes to the organization and its supply chain	Page 37	
	102-11 Precautionary Principle or approach	Page 38	
	102-12 External initiatives	Page 38	
	102-13 Membership of associations	Page 38	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND / OR URL(S)	COMMENTS / OMISSIONS
<b>Strategy</b>			
GRI 102: General Disclosures 2016	102-14 Statement from senior decision-maker	Page 3, 4	
<b>Ethics and Integrity</b>			
GRI 102: General Disclosures 2016	102-16 Values, principals, standards and norms of behavior	Page 38	
<b>Governance</b>			
GRI 102: General Disclosures 2016	102-18 Governance structure	Page	
<b>Stakeholder Engagement</b>			
	102-40 List of stakeholder groups	Page 38	
	102-41 Collective bargaining agreements	Page 45, 46	
GRI 102: General Disclosures 2016	102-42 Identifying and selecting stakeholders	Page 38	
	102-43 Approach to stakeholder engagement	Page 38	
	102-44 Key topics and concerns raised	Page 38	

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GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND / OR URL(S)	COMMENTS / OMISSIONS
<b>Reporting Practice</b>			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Annual report	
	102-46 Defining report content and topic Boundaries	Page 40	
	102-47 List of material topics	Page 46, 44	
	102-48 Restatements of information	Page 41	
	102-49 Changes in reporting	Page 41,42	
	102-50 Reporting period	Page 42	
	102-51 Date of most recent report	Page 42	
	102-52 Reporting cycle	Page 42	
	102-53 Contact point for questions regarding the report	Page 42	
	102-54 Claims of reporting in accordance with the GRI Standards	Page 42	
	102-55 GRI content index	Page 48-50	
	102-56 External assurance	Page 42	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND / OR URL(S)	COMMENTS / OMISSIONS
<b>Management Approach</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Page 40	
	103-2 The management approach and its components	Page 40	
	103-3 Evaluation of the management approach	Page 40	
<b>Topic-Specific GRI Standards</b>			
GRI 205 Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	Page 42	
	205-3 Confirmed incidents of corruption and actions taken	Page 42	
GRI 302: Energy	302-1 Energy consumption within the organization	Page, 29, 30, 35	
	302-3 Energy intensity	Page 30	

# GRI content index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND / OR URL(S)	COMMENTS / OMISSIONS
GRI 303: Water and Effluents	303-5 Water consumption	Page 33, 35	
GRI 305: Emissions	305-1 Energy indirect (Scope 2) GHG emissions	Page 31, 32, 35	
	305-4 GHG emissions intensity	Page 31, 32, 35	
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	Page 34, 35	
GRI 404: Training and Education	404-3 Percentage of employees receiving regular performance and career development reviews	Page 43	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Page 45	

# Definitions of key terms and abbreviations

## EPRA

EPRA, the European Public Real Estate Association, is the voice of the publicly traded European real estate sector. Founded in 1999, EPRA is a not-for-profit association registered in Belgium. With more than 275 members, covering the whole spectrum of the listed real estate industry (companies, investors and their suppliers), EPRA represents over EUR 450 billion of real estate assets and 94% of the market capitalization of the FTSE EPRA Nareit Europe Index.

## GHG

Greenhouse gas emissions. All portfolio emissions disclosed in this report are expressed in CO2 equivalent and calculated based on GHG protocol. <https://ghgprotocol.org/>

## GRI

The Global Reporting Initiative (GRI) is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.

## INREV

The European Association for Investors in Non-Listed Real Estate Vehicles (INREV), incorporated in 2002, is a non-profit association located in the Netherlands that provides services and education for investors interested in the European non-listed real estate fund [market](#).

## Management Company

Northern Horizon Capital AS, re-registered address at Tornimäe 2, Tallinn 15010, Estonia.

Northern Horizon Capital AS is part of Northern Horizon register code 11025345, Capital Group.

## Northern Horizon Capital Group

Refers to the Northern Horizon Group of companies. Northern Horizon Capital AS is part of Northern Horizon Group.

## RAKLI

RAKLI is the most comprehensive and prominent association of professional property owners, real estate investors, corporate real estate managers and construction clients in Finland. RAKLI represents its member's interests, participate in public debate and promote sustainable living environments. RAKLI has more than 230 members, which are Finland's most prominent owners of residential and commercial properties and infrastructure, property investors, biggest cities, as well as construction clients. The members represent both the private and the public sector.



BALTIC  
HORIZON

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