

B&I Capital AG

# Principal Adverse Impact Statement

June 2023

Financial market participant B&I Capital AG  
(254900WZR89AHD74EQ73)

Talacker 35  
8001 Zurich  
Switzerland

+41 44 215 2888  
contact@bnicapital.com  
bnicapital.com

# Contents

1. Summary.....	2
2. Summary of the principal adverse impacts on sustainability factors.....	2
3. Description of the principal adverse impacts on sustainability factors .....	3
4. Description of policies to identify and prioritise principal adverse impacts on sustainability factors.....	8
5. Engagement policies.....	8
6. References to international standards.....	9
7. Historical comparison .....	9

## 1. Summary

B&I Capital AG, (254900WZR89AHD74EQ73), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of B&I Capital AG and its subsidiaries, namely B&I Capital Pte Ltd and B&I Capital US Inc.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 August 2022 to 31 December 2022.

Principal adverse impacts are defined by the SFDR regulation of the European Union and are the most negative impacts of investment decision on sustainability factors. These factors refer to environmental and social thematic areas like human rights, anti-bribery and anti-corruption issues.

Availability of data is not complete yet, this limitation is due to several companies still not reporting all factors. There is no historical comparison because this statement is based on the first reporting year.

We consider the mandatory principal adverse impacts and two voluntary indicators during the investment process and on a monthly basis. For this purpose we use our own developed monitoring tool which scores the principal adverse impacts if data is available.

## 2. Summary of the principal adverse impacts on sustainability factors

### Mandatory indicators

- Greenhouse gas (“GHG”) emissions
- Carbon footprint
- GHG intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Share of non-renewable energy consumption and production
- Energy consumption intensity per high impact climate sector
- Activities negatively affecting biodiversity sensitive areas
- Emissions to water
- Hazardous waste and radioactive waste ratio
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Unadjusted gender pay gap
- Board gender diversity
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

### Additional indicators

- Investments in companies without carbon emission reduction initiatives
- Number of identified cases of severe human rights issues and incidents

### 3. Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
Green-house gas emissions	1. GHG emissions	Scope 1 GHG emissions	142 tCO2e	N/A for this year	N/A for this year	We consider these metrics with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.
		Scope 2 GHG emissions	1'190 tCO2e	N/A for this year	N/A for this year	
		Scope 3 GHG emissions	4'815 tCO2e	N/A for this year	N/A for this year	
		Total GHG emissions	6'147 tCO2e	N/A for this year	N/A for this year	
	2. Carbon footprint	Carbon footprint	30 tCO2e/million invested	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.
	3. GHG intensity of investee companies	GHG intensity of investee companies	395 tCO2e/million of revenue	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A for this year	N/A for this year	We exclude investments in companies which are active in the fossil fuel sector.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	77.04%	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.36	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.

Bio-diversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A for this year	N/A for this year	N/A for this year	This data not yet available, since companies which we invest in are still not reporting this metric.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	16.25	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for	Share of investments in investee companies that have	0%	N/A for this year	N/A for this year	We comply with the UN Global Compact principles and the OECD Guidelines for

	Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				<p>Multinational Enterprises.</p> <p>We require that companies which we invest in adhere to UN Global Compact principles or OECD Guidelines for Multinational Enterprises.</p> <p>If during our screening process a company is identified not to comply, we exclude the company from our investment universe.</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	82.55%	N/A for this year	N/A for this year	<p>We comply with the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises.</p> <p>We require that companies which we invest in adhere to UN Global Compact principles or OECD Guidelines for Multinational Enterprises.</p> <p>If during our screening process a company is identified not to comply, we exclude the company from our investment universe.</p> <p>We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our</p>

						investment decision process.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0.37%	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	23.96%	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	N/A for this year	N/A for this year	We exclude investments in companies which are involved in the manufacture or selling of controversial weapons.

**Additional climate and other environment-related indicators**

	15. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at	34.51%	N/A for this year	N/A for this year	We consider this metric with our own internally developed tool. We score all available metrics and the scores are incorporated in our investment decision process.
--	--	---	--------	-------------------	-------------------	--



		aligning with the Paris Agreement				
<b>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>						
	16. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis	0	N/A for this year	N/A for this year	We exclude investments in companies which have any number of identified cases of severe human rights issues and incidents.

#### 4. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

We consider all mandatory principal adverse impacts and two additional ones during our investment decision process and on a monthly basis, if data is available. Companies tied to the fossil fuel sector or controversial weapons sector are excluded from our investment universe. If companies have any case of severe or very severe human rights concerns they are also excluded, as well if they have any low environmental, social or governance controversy scores or overall red flags. For that purpose we use data from MSCI ESG Manager and score the principal adverse impacts. Finally we get an overall principal adverse score. If this score is low, companies are subject to deeper analysis and may be excluded from investment universe.

#### 5. Engagement policies

B&I Capital has had responsible Environmental, Social, and Governance (ESG) practices at the core of company philosophy since the firm's launch in 2007. We view ESG as means to continually improve our firm as well as our investment process for the benefit of all stakeholders, while recognizing the risks of not doing so.

The investment team is responsible for engagement, i.e., PM and/or senior analyst covering the relevant company. We conduct hundreds of meetings with company managements every year. These meetings include face to face, calls, conferences, property visits, etc. We are very active in discussing and suggesting industry best practice as well as how, through ESG policies, they can increase value to shareholders. The aim is to improve companies' ESG policies and companies' reporting of all relevant metrics. We engage with companies when we feel it is necessary and in the best interests of our investors. Due to our relatively small company size, we aim being an active rather than an activist investor.

In the last three years, we have partnered with GRESB for some of our engagement activities. The objective of our partnership is to promote better ESG transparency and reporting in the Asia Pacific region. This engagement is done by underwriting an invitation letter to 40-50 companies to encourage them to start reporting their real estate assessment to GRESB. We intend to continue this collaboration in the upcoming years as well.

It is our policy to exercise, where permitted, voting rights for any investment. In each vote we consider the sustainability recommendation of ISS. Finally, we vote based on our own internal opinion and our decision can sometimes differ from that of proxy advisors like ISS.

## 6. References to international standards

Each position in our portfolios must not be directly or indirectly involved in any of the following controversial business activities: Coal production, Oil production, Natural gas production, Controversial weapons. Furthermore, each position must not have any case of severe and very severe human rights concerns controversies or other red flags in the E, S and G controversy scores.

We do respect the following sanctions lists:

- Swiss List of Sanctioned Individuals, Entities or Organizations (issued by SECO)
- Consolidated United Nations Security Council Sanctions List
- European Union Consolidated List (EU)
- Lists issued by the US Office of Foreign Assets Control (OFAC)
- Lists issued by the UK Office of Financial Sanction Implementation (OFSI)

## 7. Historical comparison

There is not yet a historical comparison of the period reported on with the previous reported period. This will be made as of 2024.