

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

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



**Product name:** WOOD & Company, investiční fond s proměnným základním kapitálem, a.s. – WOOD & Company Retail podfond (hereinafter the “**Sub-fund**” or the “**financial product**”)

**Legal entity identifier:** 051 54 537

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="radio"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with a social objective  <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

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

- The financial product promotes the following environmental characteristics:
- Promoting energy efficiency in buildings - the financial product seeks to reduce energy consumption and negative environmental impacts.
  - Responsible water management - includes measures and strategies leading to the efficient, sustainable and responsible use of water resources in order to minimise water waste and protect ecosystems associated with water resources.
  - Sustainable waste management and active recycling - is a systematic approach to waste minimisation, promoting the effective sorting and reuse of materials to reduce negative environmental impacts.
  - Reducing greenhouse gas emissions - involves optimising the technological aspects of buildings by implementing energy efficient systems and innovative technologies to minimise overall emissions and contribute to more sustainable building operations.
- In the social context, the financial product follows the characteristics of a responsible employer, maintaining long-term and fair relationships with stakeholders (investors, clients, tenants, banks, etc.) and emphasising transparency and regular disclosure of information.

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



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

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

The following indicators are used to measure the environmental performance of the financial product:

- Energy intensity - measuring the efficiency of energy use
- Electricity intensity - the amount of electricity consumption
- Carbon intensity - assessment of the amount of greenhouse gas emissions
- Water intensity - measuring the efficient use of water resources
- Waste intensity - providing information on waste generation

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

N/A

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

N/A

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

N/A

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

N/A

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

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

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



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

☐ Yes, \_\_\_\_\_

☒ No

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

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

## What investment strategy does this financial product follow?

The Sub-fund invests in commercial real estate in the Czech Republic and is primarily focused on retail and office centres. As of July 2016, the Sub-Fund's portfolio includes a 100% stake in C & R Developments s.r.o. ("C&R"), which owns the HARFA shopping and office centre in Prague 9 ("HARFA"). As of July 2019, the Sub-Fund's portfolio has been expanded by a 99% stake in Krakov Holding s.r.o., which owns the Krakov shopping centre ("KRAKOV") in Prague's Bohnice district. The Sub-Fund is actively seeking new investment opportunities for its portfolio in the retail centre sector. The objective of the Sub-Fund is to actively and efficiently manage HARFA, KRAKOV and other assets in the retail centre segment in the long term in order to take advantage of their growth potential. The Sub-Fund will use a conservative level of debt. The investment objective is to value the Sub-Fund's investment shares through an investment strategy focused on the acquisition and subsequent management of real estate Companies, with a long-term horizon. The Sub-Fund issues a shares class denominated in Euro (Retail Sub-Fund EUR Class), and a shares class denominated in Czech Crowns (Retail Sub-Fund CZK Class). The currency risk of the Retail Sub-Fund EUR Class and Retail Sub-Fund CZK Class will be hedged in the manner and where the investment manager deems appropriate.



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

The investment strategy of this financial product does not use any binding elements for investment selection.

The investment strategy of this financial product emphasises a number of non-binding elements to achieve the environmental and/or social objectives set.

- BREEAM / LEED certification: The Fund pursues and favours new projects that have obtained BREEAM or LEED certification, which demonstrates high standards of environmental sustainability and building quality.

The investment strategy also pays attention to the PENB example, which pursues energy efficiency. In the context of energy efficiency, the sub-fund, among other things, seeks projects for which the technological readiness allows the installation of photovoltaic power plants. Energy efficiency is complemented by the sub-fund's intention to invest, among other things, in projects using energy-saving technologies for heating, cooling and lighting.

The selection of investments is also influenced by the due diligence process. For new acquisitions, this includes detailed due diligence in the areas of financial, tax, commercial, legal, technical and environmental. Such an analysis provides the investor with a detailed view of how the project meets the established sustainability criteria and what opportunities there are for improvement in the longer term.

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

N/A

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

Policy to assess good corporate governance practices by monitoring and reviewing internal regulations to identify high standards of ethics and transparency. A thorough due diligence process is carried out for investments, assessing both financial and non-financial aspects (e.g. sustainability aspects) of the companies to be invested in. In addition, there is an active voting rights policy that allows for influence over decisions to determine the companies in which investments are made. In addition, the Sustainability Policy is applied and is available on the Sub-Fund's website.

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

The planned asset allocation for this financial product is flexible, with each real estate project subject to individual assessment. Investments will be primarily driven by economic returns to investors. At the same time, attention will be paid to improving the environmental performance of the portfolio, particularly for new acquisitions, where the characteristics mentioned above will be taken into account. With the care of the properties, including planned maintenance, revisions, renovations and upgrades, investments will continue to be made to optimize operations and enhance investor comfort.

Asset allocation describes the share of investments in specific assets.

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

According to the statute, derivatives can be acquired as part of investment activities, but these derivatives are not used to achieve environmental or social objectives.

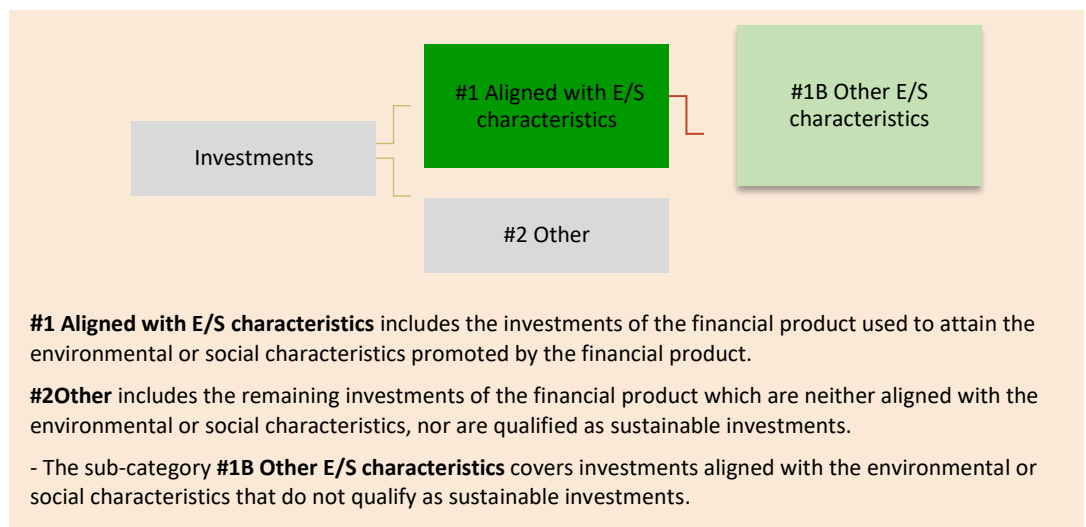
Taxonomy-aligned activities are expressed as a share of:

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



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

Sustainable investments with an environmental objective are not in line with the EU taxonomy, so the minimum scale is 0%.



- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

No

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

The minimum share of investment in transitional and support activities is 0 %.



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

The share of sustainable investments with an environmental objective is 0%.



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

The minimum share of socially sustainable investments is 0%.



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

These are (a) claims for cash withdrawals from the account (e.g. bank deposits); and (b) money market instruments. The purpose of these investments is primarily to cover the current operating expenses of the Sub-Fund.



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

N/A

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

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

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

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

*N/A*

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

*N/A*

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

*N/A*

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

*N/A*



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

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

***"HERE"***