
Sustainability Risk Policy

At Avanath, we consider and manage sustainability risk throughout the investment lifecycle through due diligence, asset management, renovation and maintenance, and sale. SFDR defines « Sustainability Risk » as an environmental, social, or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. As detailed in our [firmwide ESG policy](#), sustainability risk is integrated throughout our investment process and into our firmwide risk management policies.

Sustainability risks are evaluated as part of our due diligence processes. During due diligence, analysis is completed to highlight material ESG factors that may impact or enhance property performance, marketability, operations, capex planning, and other aspects during the anticipated hold period. Additionally, as part of the standard acquisition due diligence process, all opportunities undergo a desktop engineering review and, in some cases, a more in-depth site visit, which will include recommended energy conservation and associated GHG emissions reduction measures.

During each investment's on-going hold period, sustainability risk is monitored and evaluated by tracking key KPIs and identifying opportunities to reduce risk throughout each investment's lifecycle as well as with the collective portfolio. Any identified issue is addressed through corrective action to mitigate any unforeseen risk.

Avanath has formed an ESG Council to lead our commitment to and momentum towards enhanced ESG performance. The Council is comprised of senior leaders in the organization and represents all departments and geographic regions, allowing us to foster consensus and determine the feasibility of our priorities and initiatives. Avanath also has established the ESG Advisory Committee which is a rotating group comprised of high-performing employees across departments, geographies, and seniority levels. This Advisory Committee is responsible for implementing policies on a day-to-day basis, and its roster is rotated annually so various perspectives are considered. The ESG Council and Advisory Committee are responsible for assuring ESG risk considerations are incorporated throughout our investment processes.