

Responsible Investment & Corporate Responsibility Policy Bouwinvest

February 2023



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1 Introduction

1.1 Background

With ESG and sustainability matters at the heart of its strategy, Bouwinvest has had a Responsible Investment Policy since 2011. As the organisation has invested heavily in the further integration of ESG in decision-making at different levels of the organisation, the existing policy required an update. In this policy, Bouwinvest defines two crucial elements of responsibility for the organisation: corporate responsibility and responsible investment.

1.2 Objective

This Policy sets out how Bouwinvest Real Estate Investors ('Bouwinvest') envisions **Corporate Responsibility** for its activities and how Bouwinvest ensures **Responsible Investment** across all funds and mandates.

1.3 Scope of the policy

This policy applies to the management organisation and all Bouwinvest entities and operations. This policy is supplemented by other policies, such as the Stewardship & Engagement Policy, Exclusion Policy and the ESG Risk Management Policy.

Exceptions to this policy must be approved by the Director of the fund or mandate, after consultation with the Sustainability & Innovation department. In the event of a negative response from the Sustainability Department, approval of the Chief Investment Officer is mandatory.

1.4 Maintenance

This Policy is subject to a periodic review (based on the Bouwinvest Policy Management Framework) by the Sustainability & Innovation department and approval by the Executive Board of Directors and shall be revised whenever deemed necessary.

1.5 Related Policies

The following is a (non-exhaustive) list of policies that provide detailed guidance:

- Stewardship & engagement policy
- Exclusion policy
- ESG Risk policy
- Environmental policy NL
- Sustainable Tax policy
- Policy Management Framework

2 Corporate Responsibility & Responsible Investment

2.1 Background

Bouwinvest Real Estate Investors firmly believes that long-term financial success in real estate investment for its clients is inextricably linked with the organisation's social responsibility to adhere to the highest sustainability standards achievable in its work. By doing so, Bouwinvest also ensures that the company's assets maintain their value for the long-term and significantly reduce the risk of obsolescence in those investments.

Bouwinvest believes that all decision-making must devote attention to ethical, social, environmental and governance issues. Investments should reflect Bouwinvest's desire to be sustainable. Investments should reflect a preference for positive screening to proactively create sustainable positive change in the world.

This Responsible Investment & Corporate Responsibility Policy ('the Policy') adds value to the organisation itself and ensures that Bouwinvest operates in a responsible & sustainable way. After all, corporate responsibility provides additional incentive for the creation of shared norms, values and culture and has a positive impact on Bouwinvest's reputation. Initiatives affect the workplace, investments and services, the impact on the environment and contribute to society. Bouwinvest is committed to optimising the positive impacts for all its stakeholders in its financial obligations.

2.2 Objective of the organisation

2.2.1 Bouwinvest's mission and vision and strategic principles

Purpose: Real Value for Life

Bouwinvest believes that it is not possible to ensure long-term successful investment without taking the needs of society into account. Together with its forward-looking employees and partners, Bouwinvest is committed to creating sustainable and liveable urban environments that generate stable income for institutional investors. Bouwinvest calls that emphasis on societal and financial returns: real value for life.

Research lies at the heart of Bouwinvest's business. Before it make a strategic investment, Bouwinvest carries out extensive research so its people can make well-considered decisions to generate the stable returns that clients require. The organisation has specialists that closely follow local and global trends in the pension and real estate sectors, carry out their own wide-ranging research, and conduct extensive data analyses at macro, meso and micro level. Their expertise and in-depth knowledge provide Bouwinvest with the tools it needs to understand current market conditions and make accurate forecasts about the future.

Bouwinvest's investment selection and active asset management enables it to influence the design of buildings and the cities in which they are located and make them future proof in the face of emerging market and environmental trends. As part of its efforts to better manage risk and generate sustainable, long-term returns Bouwinvest incorporates environmental, social and governance (ESG) factors into all its investment decisions and closely monitors investment and operational performances.

Sustainable real estate funds and buildings help to combat climate change and generate broader social, economic, ecological and health benefits. Bouwinvest is convinced that its approach reduces risks, improves returns and makes its real estate investments more attractive, now and in the future.

Bouwinvest is well aware that it can only achieve its objective through close collaboration with stakeholders, ranging from local and national government authorities, to suppliers and local operating partners.

Bouwinvest also recognises that dedicated employees are crucial to it achieving its goals and it does its utmost to create an encouraging atmosphere at work. The organisation's strict corporate governance, risk, integrity and control programmes and frameworks guide its responsible business practices.

Mission

Bouwinvest enhances pension benefits by investing responsibly in sustainable real estate worldwide.

Vision

Real estate is a growth market, both in terms of investments and in terms of funding. The future of the real estate sector is in finding a balance of financial and social returns.

Strategy

Bouwinvest invests worldwide in ten regions and six sectors and does so primarily in metropolitan areas. This strategy ensures that Bouwinvest can respond optimally to trends and developments, such as population growth, urbanisation and globalisation. This enables Bouwinvest to invest in sustainability and to focus on social equity. One of the goals of this strategy is to advance to the level of investment manager and it is focused on three main strategic themes:

- Professionalisation: the continued professionalisation of its internal organisation, which will enable Bouwinvest to realise greater diversification and scale and maintain its market position.
- Responsible business: continue to do business in a socially responsible manner, be a leader on the sustainable real estate front and comply with all legal and regulatory requirements.
- Controlled growth: strengthen Bouwinvest's client base, diversify products and services and build on the company's own market proposition.

Bouwinvest conducts an annual materiality analysis among its clients, (international) partners, employees, tenants and its shareholder about their insights and expectations regarding strategy, policy and implementation. Based on a detailed stakeholder analysis, Bouwinvest determined that these are its most important stakeholders based on their influence on the continuity of its business operations. The material themes are mainly ESG related. This goes beyond the sustainability performance of its real estate investments, and encompasses the related organisation. After all, making real estate more sustainable is driven by the right policy choices, qualified employees, transparent reporting, use of state-of-the-art systems and data.

Real Value for Life

Input

Financial Entrusted capital of € 18.6 billion from pension funds and insurance firms	Intellectual Knowledge and expertise in pension and real estate worlds real estate worlds in 10 regions and 6 sectors.	Business partner Cooperative partner through 50 active positions in knowledge and network organisations.	People 197 motivated professionals and annual training and development budget of 3% total salaries.
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Business model

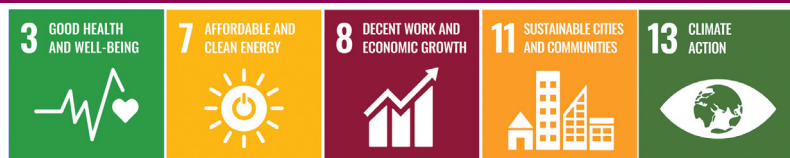


Generating stable absolute and relative financial performance for investors	Minimising climate impact of buildings /portfolio	focusing on investor interest	Above-average sustainable buildings
	Stimulating/contributing to affordable housing and healthcare	Making buildings climate resilient	Keeping cities and regions liveable
	Integrity and transparency	Healthy and safe portfolio /buildings	Ensuring cyber & data security and privacy

Effect

Pensions We contribute to pension incomes.	Sustainable and liveable cities We contribute to healthy, safe and inspiring places where people want to live, work and spend their leisure time, now and in the future. In addition, we reduce the impact of real estate on the climate by reducing the CO ₂ emissions of buildings.	Real estate sector We contribute to the professionalism and integrity of the real estate sector.
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Contribution to the United Nations' Sustainable Development Goals (SDGs)



2.3 How we address responsibility

Bouwinvest considers the good management of its environmental and social impacts to be key to its long-term success. Bouwinvest's Corporate Responsibility and Responsible Investment policy enables it to generate wider societal value for its stakeholders and identify, manage and mitigate (potential) ESG risks. Effective implementation of these policies helps the organisation to anticipate and respond to the effects of, among other things, changes in climate, energy prices and supply, the investment market, occupier demand, and legislative and fiscal developments. Bouwinvest also believes it must respect and engage with the communities in which it operates, seeking to enhance local environments wherever and whenever possible.

Bouwinvest's key goal is to ensure that its invested capital delivers an above-average performance on the environmental, social and governance (ESG) fronts. Due in part to these efforts, Bouwinvest make a positive contribution to the United Nations' sustainable development goals (SDGs) 3, 7, 8, 11 and 13. In addition, Bouwinvest's ambition is to meet the goals of the Paris Climate Agreement no later than 2045.

Bouwinvest endorses and chooses to align Responsible Investment and Corporate Responsibility with the starting points and principles of the:

- UN Global Compact;
- OECD Guidelines for multinational enterprises (OECD);
- UN Principles for Responsible Investment (UNPRI), and;
- UN Guiding Principles on Business and Human Rights (UNGPs).

These international standards define broadly supported principles for responsible business conduct and ESG matters that Bouwinvest expects its employees, business partners and service providers to follow. This means that it expects all parties to adhere to internationally accepted minimum standards on human rights, labour practices, the environment, governance and anti-corruption. Therefore, any (investment) decision that Bouwinvest makes must comprehensively consider human rights, labour conditions, the environment, climate change and measures to tackle corruption.

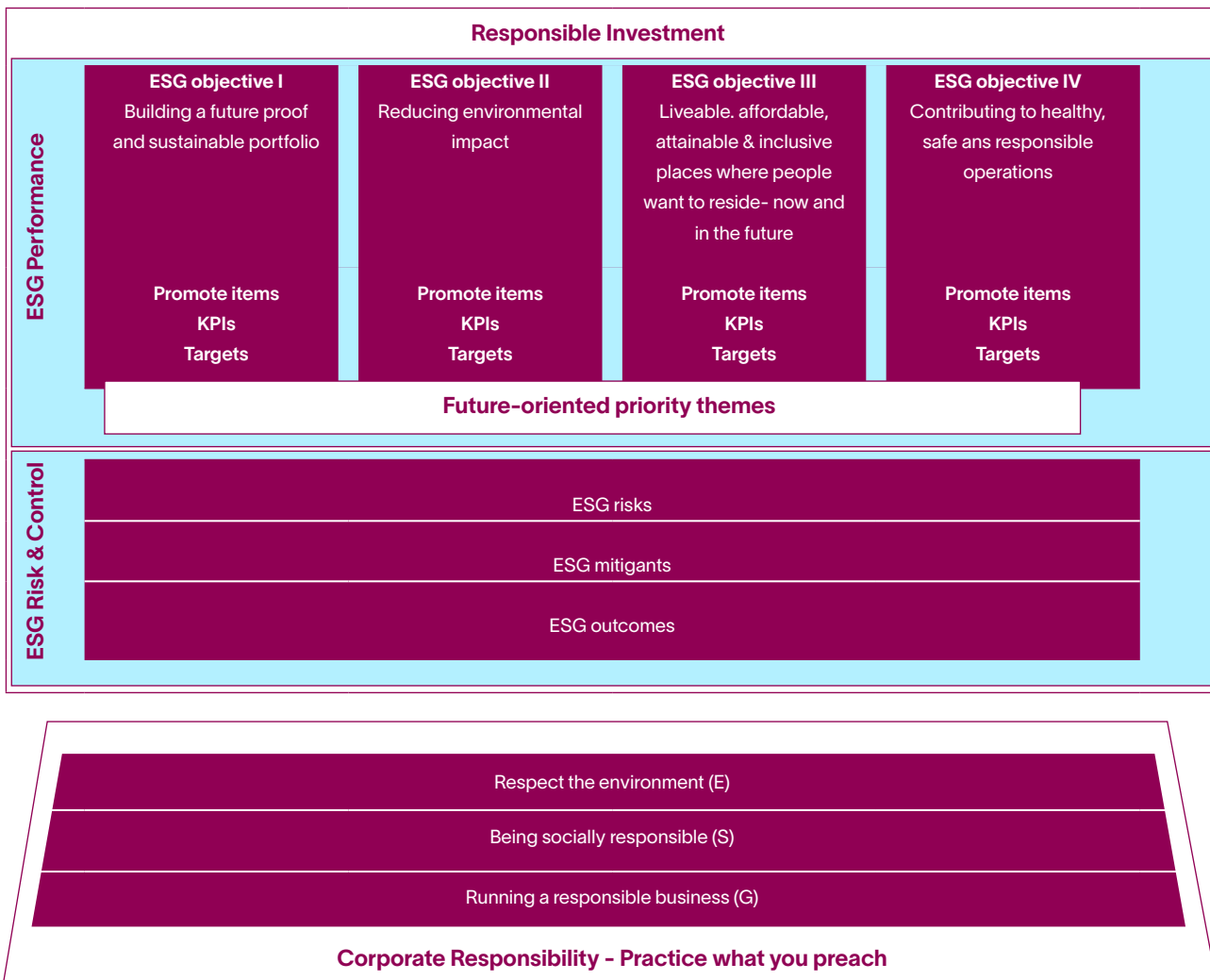
Investing for institutional investors, Bouwinvest feels it has a responsibility to society and its stakeholders to:

- Create shared value for Bouwinvest's stakeholders, while improving social and environmental conditions in the regions in which it operates;
- Communicate appropriately with its key stakeholders and make sure they have access to the information they need;
- Build and maintain relationships by engaging with its stakeholders at an asset and at a corporate level;
- Identify the main priorities and set the agenda for its business by consulting its stakeholders;
- Benchmark and identify areas for improving its environmental and stakeholder engagement performance.

In addition, each year Bouwinvest identifies which ESG-related topics are material to the real estate sector in general and more specifically relevant to its purpose, Real Value for Life. Bouwinvest chooses to integrate material ESG topics in its investment and management processes.

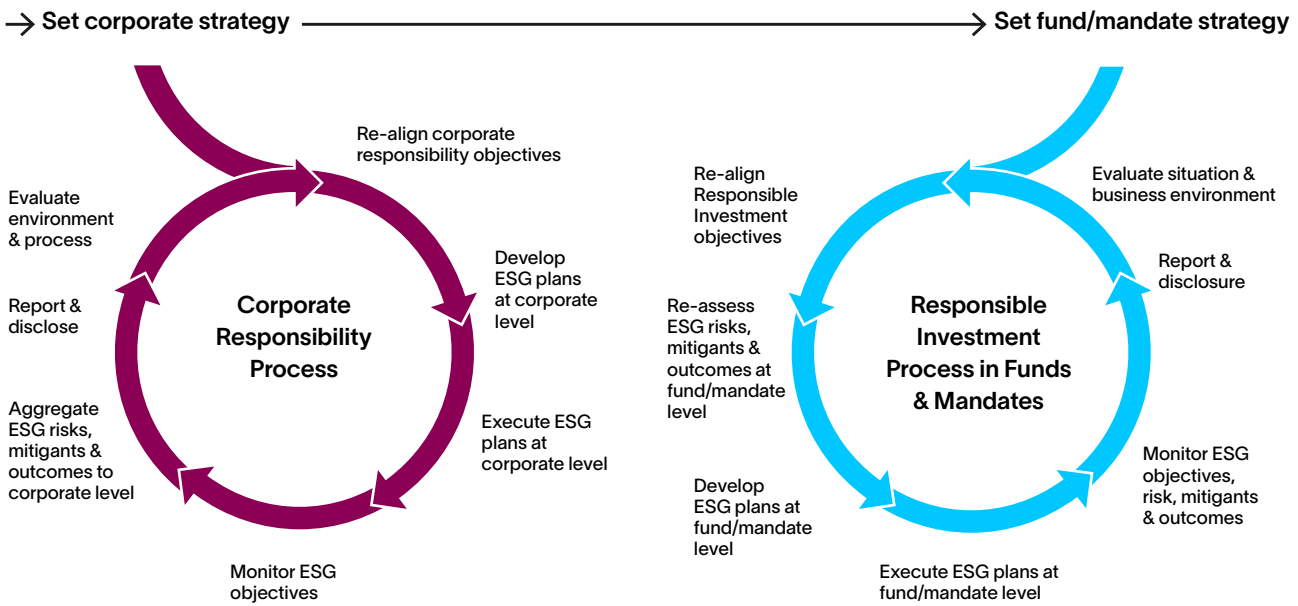
2.4 Bouwinvest ESG Framework

With the objective of integrating Corporate Responsibility and Responsible Investment in all major decision making, Bouwinvest uses an integrated ESG Framework which takes into account all relevant ESG elements. This ESG framework combines ESG objectives on both corporate and fund and mandate level, with Corporate Responsibility serving as the foundation on which Bouwinvest can build its Responsible Investments and carry out all its activities in a responsible manner.



Chapter 4 of this Policy describes the foundational elements related to Corporate Responsibility in more detail, while Chapter 5 focuses on Responsible Investment. Chapters 6 and 7 focus on the integrated ESG governance and reporting lines.

2.5 Corporate Responsibility and Responsible Investment Process



3 Corporate Responsibility

3.1 General Principles

The core of the Real Value for Life purpose focuses on Bouwinvest's contribution to society by delivering financial and social value. To enable it to contribute to this purpose, Bouwinvest builds on the following key Corporate Responsibility principles;

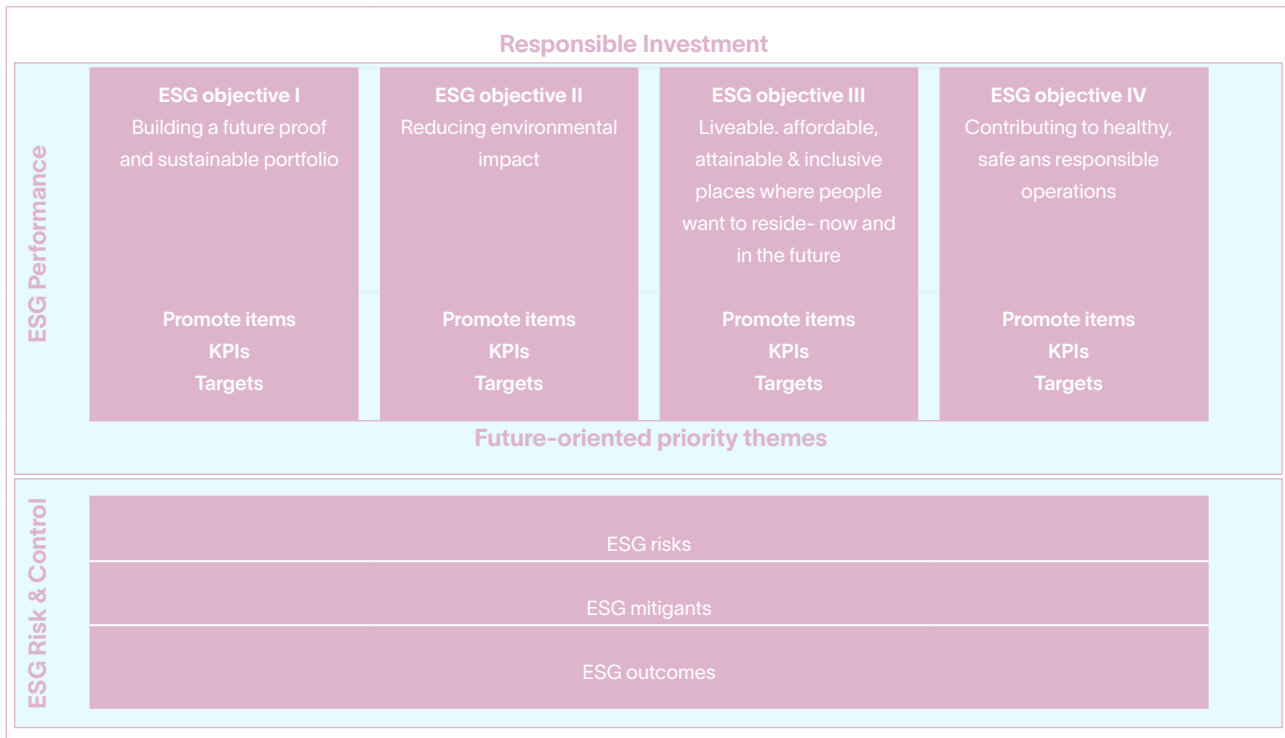
- Bouwinvest wants to take responsibility in all its activities
- Bouwinvest invests in resources to assure that its knowledge and expertise are of a high enough standard to take responsibility
- Bouwinvest strives to understand the needs and requirements of all its stakeholders
- Bouwinvest accepts the potential challenges that the current environmental and social developments might entail for the organisation
- Bouwinvest is open and transparent about its role and approach to the wide range of ESG challenges
- Bouwinvest strives to do its utmost to minimise any adverse impacts
- Bouwinvest defines Corporate Responsibility as the responsibility that Bouwinvest has for operations that are financially, socially and environmentally fair and transparent to all its stakeholders
- In the event that Bouwinvest faces dilemmas with regards to the interests of different stakeholder groups, these dilemmas are disclosed.

The non-regulatory agreements that Bouwinvest adheres to form a basis for the further integration and operationalisation of the above-stated principles.

3.2 Corporate Responsibility Framework

Corporate Responsibility is founded on Bouwinvest's value system and a principled approach to doing business. For Bouwinvest, that means, at a minimum, meeting fundamental responsibilities in the areas of human rights, labour rights, the environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence and know that good practices in one area do not offset harm in another.

Bouwinvest's Corporate Responsibility Framework is an integral part of Bouwinvest's ESG Framework.



The corporate responsibility part of the ESG Framework distinguishes three ESG objectives, ESG risks, ESG mitigants and ESG outcomes.

3.2.1 ESG Objectives

Bouwinvest is convinced that a positive contribution to three ESG objectives at corporate level is key to enabling its funds and mandates to strive for responsible investments. The three objectives - Respect the environment (A), Being socially responsible (B) and Running a responsible business (C) - focus on all environmental, social and governance aspects. For each of the objectives, Bouwinvest has a set of tailored plans, KPIs and targets to deliver on its ambitions.

These ESG objectives are developed based on the materiality assessment and are updated periodically based on the outcome of future materiality assessments. The identified material topics are reported in the Bouwinvest annual report.

3.1.1.1 A. Respect the environment

Bouwinvest's core business, investing in real estate, is inherently related to a specific impact on the environment. Bouwinvest recognises this impact, but does strive to operate in such a way that this impact is limited. Bouwinvest makes a continuous effort to act with respect for the environment.

3.1.1.2 B. Being socially responsible

Bouwinvest aims to take social responsibility at a corporate level by taking all the required steps to make real estate available for different social groups and especially for those groups with the greatest need.

3.1.1.3 C. Running a responsible business

Bouwinvest acknowledges that it can only achieve its ambitions when integrity and transparency levels are high. These basic requirements are key both downstream and upstream in the value chain. They are key in both the human interactions with partners and in the digital ways of working. Running a responsible business is a prerequisite to the full value chain delivering sustainable and stable returns for the pension funds invested in Bouwinvest products.

3.2.2 ESG Risks, mitigants and outcomes

Taking into account ESG risk is inherently relevant to decision making at every level of the organisation. Bouwinvest considers five different risk types within ESG risk: physical and transition risks related to climate change, other environmental risks, social risks and governance risks.

Bouwinvest's commitment to corporate responsibility drove the organisation to develop a systematic approach to address ESG risks in a consistent way across its investment products. In alignment with that, it is key to have an overarching view on relevant ESG risks within Bouwinvest's investments. With that overview, Bouwinvest can control its corporate responsibility.

Based on current results, Bouwinvest has identified that most ESG risks are relevant in its funds and mandates. Bouwinvest acknowledges that these risks can result in aggregated (financial) risks at Bouwinvest level. Its corporate responsibility process is designed to give it a sound view of the ESG risk profiles of the funds and mandates and ensures that Bouwinvest will have a complete view of its entity level ESG risk profile at all times. More details on the ESG risk and control management can be found in section 4.4.

4 Responsible Investment

4.1 General Principles

The basis of sustainable business operations is having appropriate and effective policies and procedures and Bouwinvest strives for complete transparency for all stakeholders. As a responsible real estate investor, setting goals regarding ESG and achieving efficiency is at the heart of Bouwinvest's business.

Bouwinvest's goal is to make best sustainable practices the norm across its business and maintain an environment where success is shared and widely adopted. Bouwinvest actively seeks opportunities to partner with other leading organisations, tenants and suppliers to achieve better environmental and social outcomes.

Regarding the environmental impact of our investments and operations we:

- Continuously explores ways to minimise and prevent pollution associated with its operations;
- Safeguards biodiversity and ecosystems through continuous management and evaluation of its activities;
- Value water as a natural resource and conserve its use;
- Recognise the scarcity of resources through responsible procurement, use and management of materials;
- Advocate and strive for a holistic approach to the design, development and operation of high-quality, sustainable and innovative real estate;
- Respect and anticipate local, national and European environmental legislation and standards, including the Paris Climate Agreement;
- Inform, instruct and train employees and suppliers about these principles and procedures;
- Creates awareness among its tenants and encourage them to take joint steps to minimise the impact on the environment;
- Is leading the way by improving its environmental performance through ongoing assessments and setting new ambitions within its ESG strategy.

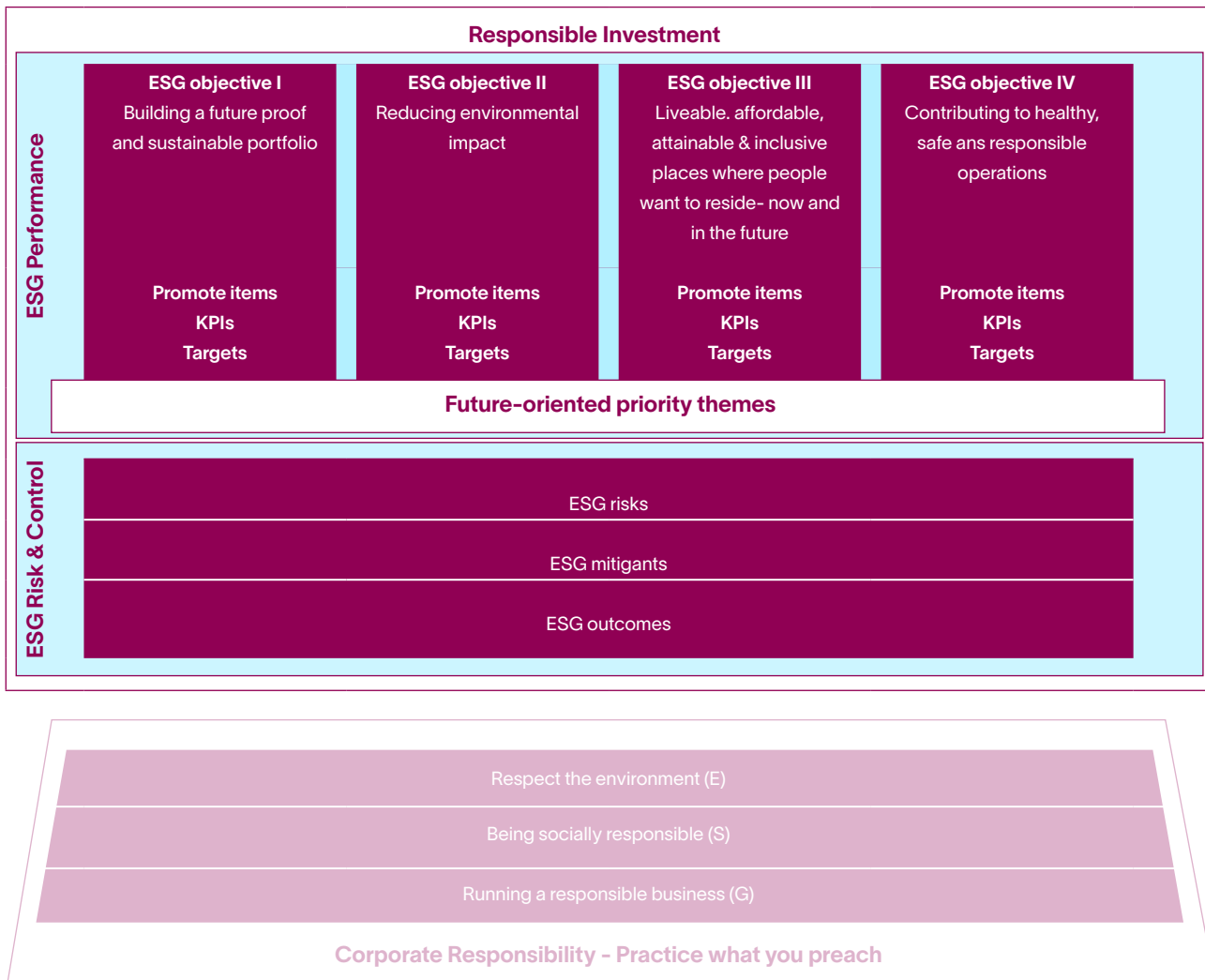
Bouwinvest follows these objectives when engaging with its stakeholders:

- Bouwinvest takes the needs of its stakeholders into consideration in all its activities;
- Bouwinvest engages the local community in major projects, such as its building sites;
- Bouwinvest pro-actively anticipates future challenges and trends in the market.

4.2 Responsible Investment Framework

As part of the ESG Framework, the Responsible Investment Framework drives the integration of relevant ESG elements in decision making at fund and mandate level. Bouwinvest incorporates environmental, social and governance (ESG) factors in its investment decisions, to better manage risk and deliver added value, aimed at generating sustainable, long-term returns. In line with its purpose and strategic objectives, Bouwinvest will constantly strive to improve the ESG integration in all activities and will also continue to improve the reporting on this front. These efforts will enable the funds and mandates to report according to laws and regulations that will come into force over the next few years and do so in a controlled manner.

Bouwinvest's Responsible Investment Framework is an integral part of Bouwinvest's ESG Framework.



The framework can be sub-divided into two segments:

- The upper part, referred to as the ESG Performance of the framework, focuses on generating added value or positive impact for various stakeholders, including social value; see 4.3
- The lower part, referred to as ESG Risk and Control of the framework, focuses on managing ESG risks or the potential negative impact of Bouwinvest’s investments or on its investments; see 4.4.

4.3 ESG Performance

The Performance framework includes four ESG pillars, which outline the key strategic ESG objectives. Each pillar has underlying ecological and social elements that are promoted by the funds and international mandates and that are structurally embedded in Bouwinvest's investment process. In addition to these promoter elements, Bouwinvest has defined so-called 'future-oriented priority themes'. These topics are recognised as an important, often imminent, ESG topic. However, these topics are still in development or being explored and are yet to be integrated in the investment process.

In addition to the promoter items and the future-oriented priority themes, the framework takes into account ESG risks, ESG mitigants and ESG outcomes.

As explained above, the upper part of the responsible investment/ESG framework defines how Bouwinvest aims to create added value for stakeholders through its investments. This focuses on four objectives, which in turn add up to a contribution to the UN Sustainable Development Goals: 3 - Good Health and Well-being, 7 - Affordable and Clean Energy, 8 - Decent Work and Economic Growth, 11 - Sustainable Cities and Communities and 13 - Climate Action. Due to the characteristics of portfolios and market conditions, there are minor deviations among the funds and mandates with regard to the extent to which all these ESG objectives and/or SDGs are included in the fund/mandate-specific ESG Framework.

4.3.1 ESG objective I - Building future-proof and sustainable portfolio's

The aim of this objective is to comply with voluntary industry standards and perform above industry average and legislative requirements. Bouwinvest firmly believes that long-term financial success in real estate investment for its pension fund clients is inextricably linked with Bouwinvest's social responsibilities to adhere to the highest sustainability standards achievable in its work. By doing so, Bouwinvest also ensures that its assets maintain their value for the long-term and also insure against the risks of obsolescence in its investments. Building future-proof and sustainable portfolios is therefore a basic principle of Bouwinvest's responsible investment strategy and inherently linked to providing its clients with long-term stable returns.

Benchmarking its portfolios or (potential) investments against green building ratings and certifications provides insight into the quality of its buildings and allows Bouwinvest to demonstrate where its investments are in terms of sustainability and how far it still has to go. Bouwinvest uses internationally accepted sustainability certificates, such as BREEAM, LEED and GPR Building, to measure and assess the overall sustainability of its buildings and portfolios. These certificates measure criteria that go beyond legislative requirements and offer Bouwinvest a third-party validated ESG assessment. In addition, setting high standards on broad green building certificates enables Bouwinvest to manage its sustainable performance on a wide set of topics, which go beyond those that are identified as material in its annually updated materiality matrix. These topics include biodiversity, health & safety, environmental impact of materials, water, waste and energy efficiency. In addition, a sector-wide benchmark like GRESB helps Bouwinvest to compare the environmental, social and governance performance against its peers and whether the current performance is above the peer group standard.

4.3.2 ESG objective II - Reducing our environmental impact

According to World Bank estimates, a 36% reduction in total CO₂ emissions in the real estate sector is required by 2030 if the world is to stay within the 2°C threshold. In the Paris Agreement of 2015, signatories agreed to reduce greenhouse gas emissions by 95% to prevent further global warming. An important step towards achieving these goals is to switch to renewable energy sources, but also lower the energy use of the built environment. In addition to the direct CO₂ emissions of a building, the built environment has an environmental impact that goes far beyond energy use.

The built environment is the largest user of materials worldwide, but it also has a significant impact on water, waste and biodiversity. On the other hand, buildings and the built environment are essential to society. All of human life is mainly situated in and around it.

As an institutional investor in buildings and the built environment, Bouwinvest therefore aims to reduce the overall impact of its portfolio on the environment. In addition to steering towards generally sustainable and future-proof portfolios, Bouwinvest feels it is important to focus specifically on lowering environmental impact. In 2019, Bouwinvest committed to becoming Paris Proof before 2045, five years earlier than laid out in the Paris Climate Agreement. To achieve this ambition, Bouwinvest has set up a Paris Proof programme, which includes fund-specific roadmaps for its Dutch sector funds, which it will roll out and monitor. The ambition to achieve CO₂-neutral energy consumption by 2045 can be divided into two objectives: natural gas-free and energy-efficient (Paris Proof in accordance with the WEii protocol).

The next step in the continued reduction of the environmental impact of its portfolios is responsible resource consumption by steering towards greater circularity. Bouwinvest is currently still exploring this topic.

4.3.3 ESG objective III - Liveable, affordable, attainable and inclusive places where people want to reside

Bouwinvest recognises the importance of affordable, attainable and safe housing for people of all ages and it understands its role in the liveability of cities or neighbourhoods. Occupants' health and well-being play an increasingly central role in building design and construction. Buildings and their environments should be designed to be comfortable, safe and secure spaces that foster positive social interaction, healthy and active lifestyles, focused work, creative expression, relaxation and rest.

Urbanisation has increased the demand for healthy, liveable and inclusive cities and Bouwinvest takes this into account in its investment decisions. It offers opportunities across all real estate classes. For example, the ageing population has led to demand for high-quality housing combined with care facilities. The strong growth of the middle class has boosted the hotel sector and developments in e-commerce are presenting particular challenges to the retail sector. And when it comes to the office market, the demand for flexible working space continues to grow.

4.3.4 ESG objective IV - Contributing to healthy, safe and responsible operations

Bouwinvest is committed to conducting business in a caring and accountable manner, and being recognised as a responsible business partner. As a company that invests in real estate worldwide, it is Bouwinvest's duty to play a part in finding solutions to environmental and societal issues. Bouwinvest believes everyone involved needs to work together to make the real estate chain more sustainable, including co-investors, local asset managers, developers, (local) governments, contractors, property managers and suppliers. Bouwinvest is also aware of how it influences the behaviour of its real estate investment supply chain partners with regards to innovative solutions and social, ethical and environmental issues. Bouwinvest takes that responsibility seriously and it challenges itself and its partners to step up their game, both in the Netherlands and worldwide, as part of its active approach to sustainability stewardship. Specifically for its value-chain, Bouwinvest aims to use its influence to ensure both its standing and new investments are built and operated in a healthy, responsible and safe manner with care for the environment and respect for human rights and social issues. For its new investments in the Netherlands, one of Bouwinvest's goals is for construction sites to uphold the principles of the considerate constructors scheme.

4.4 ESG Risk & Control

Bouwinvest wants to ensure that all reasonable steps are taken that have been designed to identify, manage, monitor, report and disclose ESG risks. ESG risk is managed in alignment with Bouwinvest's Risk Management Framework, as described in the Bouwinvest Risk Management Policy.

As part of its ESG risk management, Bouwinvest looks into risks, mitigants and outcomes.

ESG risks can be divided into five categories, namely physical climate risk, transition risk, other environmental risk, social risk and governance risk. As part of its continuing ESG integration, Bouwinvest has developed an ESG risk methodology, which is specified in more detail in the ESG risk policy.

ESG risks	The risk of deterioration of the financial position of the assets under management, the deterioration of the reputation of the Organisation, Fund or Mandate and/or a negative impact on the environment or society, due to current or prospective changes of environmental, socio-economic and governance (ESG) factors.		
Environmental risks	Climate change risks	Physical risks	The risk of deterioration of the financial position of the assets under management, the deterioration of the reputation of the Organisation, Fund or Mandate and/or a negative impact on the environment or society, due to current or prospective changes of the physical effects triggered by climate change.
		Transitional risks	The risk of deterioration of the financial position of the assets under management, the deterioration of the reputation of the Organisation, Fund or Mandate and/or a negative impact on the environment or society, due to current or prospective changes of the transition to a low-carbon economy.
	Other Environmental risks		The risk of deterioration of the financial position of the assets under management, the deterioration of the reputation of the Organisation, Fund or Mandate and/or a negative impact on the environment or society, due to current or prospective changes of the transition to an environmentally sustainable economy.
Social risks	The risk of deterioration of the financial position of the assets under management, the deterioration of the reputation of the Organisation, Fund or Mandate and/or a negative impact on the environment or society, due to current or prospective changes of social factors.		
Governance risks	The risk of deterioration of the financial position of the assets under management, the deterioration of the reputation of the Organisation, Fund or Mandate and/or a negative impact on the environment or society, due to current or prospective changes of governance factors.		

In order to mitigate potentially high ESG risks, Bouwinvest takes specific mitigation measures throughout its portfolios. Bouwinvest acknowledges that there is always a certain ESG risk exposure, but tries to limit this risk as much as reasonably possible. If there is reason to assume a risk is increasing or is not sufficiently managed, Bouwinvest will take additional mitigation measures. On a quarterly basis, each Fund and mandate will report to higher management and its shareholder on the current ESG risk profiles, including actions and measures taken.

The ESG risk assessment is systematically integrated in investment proposals. Acquisition and Portfolio managers are required to perform an ESG risk analysis, which compares the ESG risk profile of a potential investment as a starting point. The ESG risk profile of a specific investment is compared to the fund or mandate-level ESG risk profile and the fund or mandate's risk appetite. Any deviations between those assessments need to be documented and mitigants need to be identified and documented. The purpose of this analysis is to inform the decision makers about the impact of the proposed investment on the ESG risk profile of the portfolio. ESG risk is integral part of all investment proposals and is analysed by Investment Advisory Committees (IACs) in their role advising the decision-making executives.

In addition to all direct measures and decisions taken to steer towards the defined objectives and manage ESG risks through its investments and operations, Bouwinvest contributes to a range of ESG outcomes. These impacts are defined by the EU as "negative, material or likely to be material effects on sustainability factors that are caused, compounded by, or directly linked to investment decisions and advice performed by the legal entity." These impacts are disclosed at entity level in the annual mandatory Principal Adverse Impact Disclosure.

Due to the steep learning curve in the execution of these investment-specific ESG risk assessments, Bouwinvest periodically improves its assessment methodologies based on lessons learned.

5 Governance

5.1 ESG Governance

The CEO/Executive Board of Directors is ultimately responsible for ESG-related matters. The investment teams are responsible for the integration of ESG in their individual investment capabilities. At Bouwinvest, the department of Sustainability & Innovation oversees, coordinates, and drives sustainability matters from a company-wide perspective and acts as the central point for its responsible investment strategies and policies and delivers expertise and insights to the investment teams.

5.1.1 Roles & Responsibilities

For all steps in the Corporate Responsibility and Responsible Investment processes, roles and responsibilities are assigned to the Bouwinvest departments. The division of roles and responsibilities strives to involve all different departments in their contribution to the sound integration in daily activities related to ESG and to maintain a sound system of strategic ESG steering and effective monitoring across the organisation.

6 ESG Reporting

As part of the Information Memorandum, mandatory pre-contractual disclosures are available for all open funds.

In addition to the pre-contractual information that is disclosed, ESG reporting is integrated in the following reports:

- In periodic quarterly reports at fund and mandate level; all ESG elements of the ESG framework are systematically integrated for the use of monitoring
- In periodic quarterly reports of Bouwinvest Real Estate Investors, the corporate responsibility elements will be systematically integrated in an effective way
- Bouwinvest has various non-financial KPIs verified by an external auditor. The CFRO is involved in this assignment. In doing so, Bouwinvest is already taking a step towards integrated reporting in accordance with GRI Standards.
- Bouwinvest reports the environmental data of properties where management control is possible (via the method of operational control). Data is provided for properties where Bouwinvest has the authority to introduce and implement operational policies and where Bouwinvest is responsible for the purchase of energy, water and waste processing. The possibility of directing differs strongly per type of property. For example, residential or office property. These differences determine the degree of influence that Bouwinvest has on the (measurable) sustainability performance of its properties. Absolute consumption is the total consumption of the properties in Bouwinvest's funds during the reporting period and provides insight into the total environmental burden. Energy, emissions and water intensity are reported on the basis of like-for-like consumption data and lettable floor area.
- Bouwinvest publishes annual reports for all open and closed funds. Bouwinvest strives to improve its reporting each year, in line with the nature, risks and opportunities of the organisation. Bouwinvest reports in accordance with the GRI Standards Core version of the guidelines of the Global Reporting Initiative (GRI). GRI Standards are the global standard on the reporting guidelines front. GRI is based on the principle of materiality and requires organisations to report their management approach to their most material aspects. Reporting in line with GRI adds focus on material aspects to Bouwinvest's annual reports and allows it to report solely on aspects that are important to internal and external stakeholders.
- In addition to environmental, social and governance (ESG) risks (or sustainability risks), Bouwinvest considers the principal adverse impacts of its investment decisions on sustainability factors. The statement as required by Sustainable Finance Disclosure Regulation (SFDR) is the consolidated principal adverse sustainability impact statement Bouwinvest Real Estate Investors B.V. makes for its activities related to the Dutch funds and international mandates. Bouwinvest will update this statement every year as soon as the figures for the previous year are available.

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