ESG Policy

Bouwinvest

June 2026

Document history

Version	Date	Responsible	Changes
1.0	June 2026	Corporate ESG	First version

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1 ESG at Bouwinvest

1.1 Introduction

Investment manager Bouwinvest Real Estate Investors B.V. (hereafter: Bouwinvest), founded by and owned by the bpfBOUW pension fund, has been managing the capital of Dutch and international institutional investors in real estate since 1952. On their behalf, Bouwinvest primarily invests in residential properties, healthcare real estate, retail, offices, and hotels, with the primary responsibility of achieving financial returns. Bouwinvest invests directly in real estate assets in the Netherlands through its funds and indirectly in real estate assets in international markets through its mandates.

The purpose of this policy is to clarify how Bouwinvest views ESG in relation to its core business of being a real estate investor (through direct- and indirect products). This policy as such applies both to the management organization and the Bouwinvest entities and should be read as the minimum Bouwinvest ESG requirements which can be supplemented by specific product ESG requirements, agreed by the Investors in such products through fund and mandate documentation. This policy should be viewed in context of other policies that exist as part of the three lines model, and is supplemented by two other ESG linked policies, namely: the Exclusion Policy and the ESG Due Diligence Statement.

This policy is owned and maintained by the ESG team and reviewed at least once every 12 months or earlier if deemed necessary. This policy has been approved by the Executive Board in June 2026.

1.2 ESG context

Bouwinvest views everything it does, and therefore also ESG, from two perspectives.

The primary perspective is from its core business: delivering financial returns from real estate investment activities. For ESG specifically it is important to note that over 98% of assets under management is Dutch pension fund capital. A core challenge for Bouwinvest, therefore, is that any ESG activity Bouwinvest undertakes, that does not improve the risk-return profile within our investment horizon, are in essence wealth transfers from a pension participant to the beneficiary of those ESG activities.

The secondary perspective recognizes that to conduct its core business Bouwinvest exists as an entity, i.e. the management organization. This management organization in and by itself has impact on the environment (and that includes society), and that the environment (again including society) has impact on Bouwinvest's management organization. Specifically, Bouwinvest recognizes the topics of climate change, resource use, our own workforce, tenants, and handling of data as material. In addition, this secondary perspective includes the marketing positioning the management organization takes ('real value for life').

Everything that follows in this policy is written from this primary and secondary perspective.

1.3 ESG Structure

1.3.1 ESG Vision

Bouwinvest takes the position that ESG is an opportunity to improve the (long-term) risk-return profile for its investors. Incorporating ESG into (dis)investment decisions, asset management, and manager engagement adds value by anticipating future market corrections for ESG factors. This does so in the form of increasing returns, improving the risk profile, increasing liquidity, and adding license-to-operate. When the market corrects for those anticipated ESG factors the risk-return profile of our investments is anticipated to improve.

Given our primary perspective as noted under 1.2, Bouwinvest's ESG Vision is defined as: Bouwinvest only executes on ESG activities when this improves the risk-return profile within the investment horizon.

Because we explicitly recognize the importance of license-to-operate, any ESG activity that has a neutral effect on the risk-return profile, should be considered in-scope. Further, Bouwinvest recognizes two important add-ons to our ESG Vision: the Bouwinvest ESG Investment Belief and ESG Investor Requests.

1.3.2 ESG Investment Belief

In 2024 Bouwinvest formally adopted the Bouwinvest ESG Investment Belief. This Investment Belief takes the position a market correction for carbon will occur within our investment horizon and as such, there is an opportunity for benchmark outperformance by optimizing our decarbonization activities not for the current price of carbon, but for the anticipated price of carbon. This Investment Belief is based on taking the following – in our view scientifically well understood facts – to its logical conclusion:

1. Carbon emissions change weather patterns;
2. Real estate is a disproportionate contributor to carbon emissions;
3. Changing weather patterns have a disproportionate impact on real estate assets, as these can't be relocated.

If one accepts these as facts, a market correction for carbon is the only logical conclusion, and this is the position Bouwinvest takes. We are agnostic as to how this correction will materialize (whether through regulation, investor demand, tenant demand, or a combination thereof) as this, from our fiduciary responsibility perspective, does not matter. Bouwinvest views climate change mitigation and adaption as important levers for protecting and improving the risk-return profile of our investments and because of our ESG Investment Belief, decarbonization can be in scope even if it does not yet improve the risk-return profile under current market conditions.

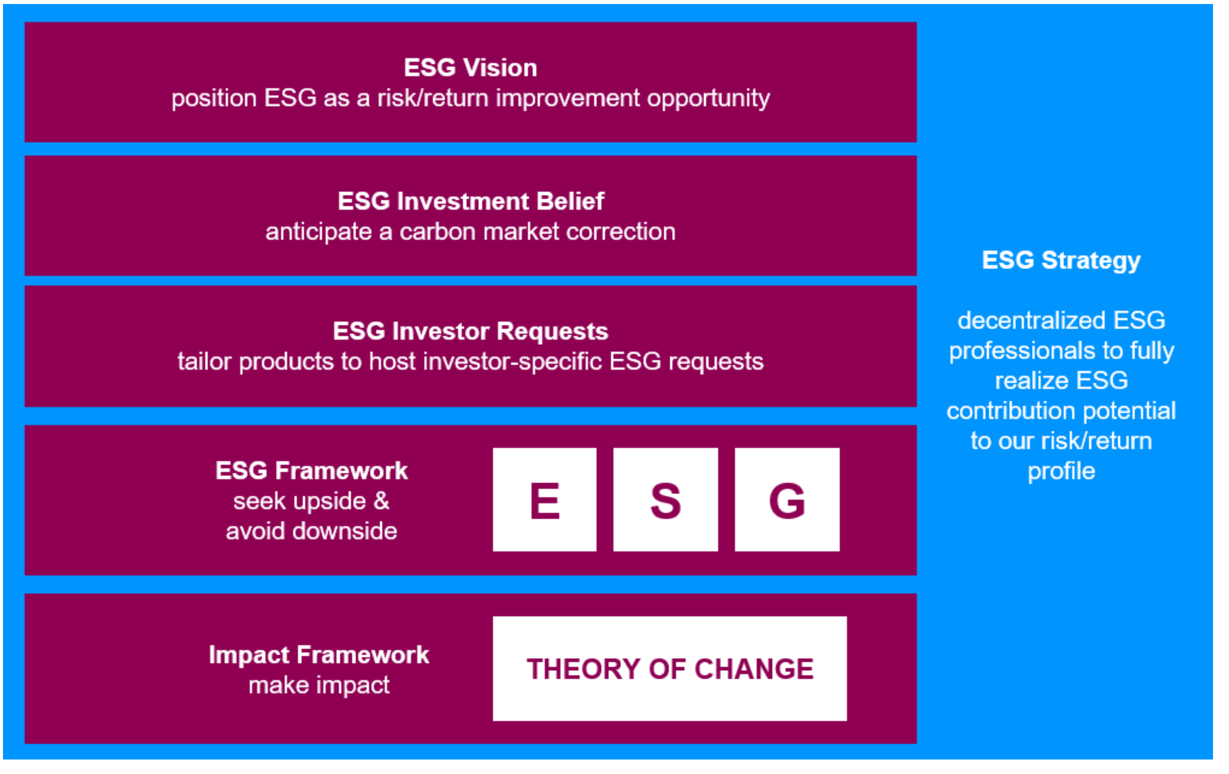
1.3.3 ESG Investor Requests

Bouwinvest (pro)actively welcomes investors who are in pursuit of impact beyond limitations set by (current) risk-return conditions in the market. Bouwinvest has a long history of delivering on those investor requests, reflected in our 'Real Value for Life' philosophy. Bouwinvest currently has two impact products with a focus on affordability and availability for specific tenant segments (alongside carbon reduction). And, for example, our largest product – the Dutch Residential Fund – has a specific affordability target as well.

1.3.4 ESG Strategy

Given our ESG Vision, ESG Investment Belief, and ESG Investor Requests, our position is that the ability to execute cost-effectively to realize our ESG goals is a strategic differentiator for Bouwinvest as investment manager. As such, our ESG Strategy is to incorporate ESG execution into our standing investment activities, facilitated by a team of dedicated ESG professionals who organize this incorporation, so that ESG becomes a strategic capability to bring about impact at scale.

1.3.5 ESG Structure visualized



2 ESG Investment Activities

2.1 Responsibilities

The Fund- and Mandate Managers are responsible for the performance of their fund or mandate (products), and this responsibility includes ESG target setting and ESG performance.

2.2 ESG Professionals

To execute our ESG Strategy, Bouwinvest has a decentralized team of ESG Professionals. There is a Corporate ESG team which is part of the CEO's Strategy Office. The Corporate ESG Function reports to the Director Corporate Strategy & ESG, who reports directly to the CEO.

Additionally, there are dedicated ESG Teams for both Dutch and International, who ensure ESG is embedded within their Business Unit. These ESG Teams have a functional reporting line into the Corporate Manager ESG and a hierarchical reporting line into the Head of Asset Management and Head of Portfolio Operations, respectively.

2.3 Target Setting

ESG targets are set by an annual process that involves three key steps:

1. Corporate ESG provides annual guidance by introducing the Bouwinvest ESG Policy and (where relevant) position papers.
2. The Fund- and Mandate managers draft fund- or mandate plans by combining ESG investor(s) requests with the Corporate ESG Policy.
3. The Fund- and Mandate managers present their proposed fund- or mandate plans to their shareholder(s). Given their fiduciary duty, the shareholder(s) ultimately decide on the fund- or mandate plans (incl. ESG targets).

2.4 ESG Governance ('G')

2.4.1 ESG Framework

Bouwinvest organizes its ESG activities within the context of an ESG Framework. The framework outlines priorities from the Environmental (E), Social (S), and Governance (G) perspective on the horizontal axis. The framework further organizes Bouwinvest's activities for its risk (avoid downside) and return (seek upside) profile on the vertical axis.

	E	S	G
RETURN Seek upside	Reduce carbon & be climate adapative	Contribute to social cohesion	Adhere to ESG operating principles
RISK Avoid downside	Anticipate physical climate change	Anticipate sources of controversy	Anticipate sources of controversy

The priorities that are included in the framework are chosen given a) our ESG Vision, i.e. the position Bouwinvest takes is that these topics add value within the investment horizon by improving the risk and/or return profile of our investments and b) our ESG Investment Belief, i.e. our view a market correction for carbon will occur within our investment horizon. The framework seeks to standardize ESG activities across products to allow for effective operational execution. With that stated, our ESG Framework should be seen as a starting point and is explicitly designed to facilitate investment product diversity across sector characteristics, SFDR classifications, and investor requests, within Bouwinvest. The responsibility to find and decide on the right balance between standardization and investor-customization lies with the Fund- and Mandate Manager who are ultimately responsible for overall performance. In cases where the Fund- or Mandate Managers decide to deviate from the ESG Framework, approval to do so should be obtained from the Executive Board (EB).

2.4.2 Investment Process

The ESG Teams in the Business Units evaluate (dis)investment proposals against the established ESG product requirements at the individual product level. The ESG Teams are explicitly not mandated to take non-ESG factors into account to conduct their evaluation. The investment proposal owner (the Fund- or Mandate Manager) has no say over the ESG evaluation. As such, the BU ESG Teams have the mandate to dissent. The Corporate ESG team has no role in the investment process.

2.4.3 Operating Principles

To execute effectively, and thus contribute to returns, Bouwinvest has established the following ESG operating principles:

1. Avoid harm. The challenges mankind faces are broad, complex, and correlated. As an investment manager it is not possible to contribute to all challenges, therefore Bouwinvest brings focus. But focusing on one challenge cannot exacerbate the problems in another. Building on the Do No Significant Harm (DNSH) principle by the EU Taxonomy, Bouwinvest applies this principle to its activities in a broader sense, to all E, S, and G areas. As such, Bouwinvest asks its workforce Fund-/Mandate Managers to explicitly consider the (significant) impact of their activities in decision-making. This requires a level of ‘expert judgement’ and is deliberately not a target, but a way of working. This should be read in context of our minimum safeguards and exclusion policy.

2. Do not greenwash. Social acceptance is an inherent human desire. As such, presenting work conducted in a positive way is a natural tendency. At the organization level, this could lead to unintended exaggerations about sustainability work, also known as ‘greenwashing’. As such, Bouwinvest asks its workforce to explicitly consider greenwashing exposure when drafting communications, both internally as externally. Fund- or Mandate Managers are responsible for product-related ESG communications. Corporate ESG is responsible for platform-level ESG communications. Both types of communications are monitored by the Corporate Marketing and Communications department to minimize the risk of overstating (or understating) ESG related accomplishments.

3. Be explicit. Bouwinvest’s investors ultimately decide on the ESG targets through their approval of the fund- or mandate documentation (including plans). It is therefore possible that Bouwinvest engages in ESG activities that do not improve the risk-return profile within the investment horizon. To ensure such a decision is taken deliberately given fiduciary responsibilities, and to ensure these activities can be accounted for in later MSCI-benchmarks, Bouwinvest Fund- and Mandate Managers make the impact of this type of ESG activity on the risk-return profile explicit to the extent that is possible within the boundaries of reason and sense.

4. Be intentional. The ESG domain is broad and somewhat abstract. Therefore, in the process of seeking impact, it is natural to end up with many ESG related priorities. Bouwinvest takes the position that by reducing the number of objectives and measuring and prioritizing activities (i.e. data driven) by impact per euro (including manhours spent), intentionality increases and overall, more ESG impact is created.

5. Contribute to and follow market standards. Bouwinvest's position is that as an institutional investor, using market standards is disproportionally beneficial. As such, the operating principle is to participate in market standards where possible and to actively share knowledge and contribute to the development, rationalization, and simplification of market standards. Furthermore, contributing to market standards developed and maintained by not-for-profit entities are preferred.

2. 5 Environmental Contribution ('E')

2.5.1 Strategic capability

Bouwinvest directly ties climate change mitigation and adaptation to the risk-return profile of our investments through the ESG Investment Belief. As such, we view our ability to conduct climate change mitigation and adaptation activities as strategic differentiators in the market.

2.5.2 Climate change mitigation

Given our ESG Vision and ESG Investment belief, Bouwinvest takes the position the focus should be on reducing actual carbon emissions and not on reducing theoretical carbon emissions. To reduce actual carbon emissions Bouwinvest recognizes four strategies, of which prioritization across strategies is done based on actual carbon reduced per Euro invested. These are the following:

1. Reduce embodied carbon;
2. Improve energy intensity;
3. Decarbonize the energy mix;
4. Promote sustainable tenant behavior.

The first strategy is to also include embodied carbon in our carbon reduction scope- given its significance in real estate. Even though Bouwinvest is not a developer, Bouwinvest invests in new-build and recognizes the influence it has on carbon emissions related to development (material production, transport, installation). In line with our operating principle to participate in market standards Bouwinvest has taken the position to commit to the Building Balance initiative, which proposes a long-term reduction pathway for reducing embodied carbon emissions in the Dutch real estate development sector. As such, the initiative applies only to our direct products.

The other strategies Bouwinvest leverages aim to reduce operational carbon emissions, namely reducing energy intensity, decarbonizing the energy mix, and promoting sustainable tenant behavior. For these strategies decarbonization targets are set across all products, tracked using the Carbon Risk Real Estate Monitor (CRREM) methodology.

For our direct products the optimization across these four strategies differs based on sector and portfolio characteristics. For our indirect products, in line with the operating principle contribute to and follow market standards 2.4.3.5, carbon reduction strategy activities that are carried out for our direct investments, are mirrored for our indirect investments through manager engagements. This means that Bouwinvest expects the international managers it engages with to uphold similar standards with regards to carbon reduction (both operational and embodied). Targets for our indirect products are therefore also centered around actual carbon reduction, through promoting managers to adhere to Science Based Targets similar to CRREM. And vice versa, Bouwinvest aims to implement potential new insights from international managers on carbon reduction strategies in its direct products as well.

2.5.3 Climate change adaptation

Recognizing that weather patterns are already changing and inevitably will continue to do so on the investment horizon, Bouwinvest strives to achieve climate adaptive buildings. Bouwinvest monitors climate risks and implements measures on assets which are located in areas that are exposed to climate risks. For our direct investments, Bouwinvest, in line with operating principle 2.4.3.5 uses market standards to do so, specifically with the Framework of Climate Adaptive Buildings (FCAB) from the Dutch Green Building Council (DGBC). For our indirect investments, high level climate risk analyses are conducted, and Bouwinvest engages with managers to promote climate adaptive buildings.

2.6 Social contribution (‘S’)

2.6.1 Social cohesion

Bouwinvest takes the position that social cohesion matters because it directly affects the long-term stability of the societies in which real estate assets operate. As with climate risks, social cohesion has a disproportionate impact on real estate assets, as these can’t be relocated. From an investment perspective, social cohesion therefore functions as a systemic risk modifier within the investment horizon. Bouwinvest contributes to social cohesion in our role as landlord.

2.6.2 Tenants and affordability

The secondary way in which Bouwinvest contributes to social cohesion is through its role as a long-term landlord. Bouwinvest takes the position that the physical environments in which people live, work, and spend their leisure time have a direct impact on social cohesion. From this perspective, we focus on two areas in particular: tenant satisfaction and affordability.

Tenants are a key stakeholder for Bouwinvest and an important influencer of our ability to consistently outperform benchmarks over the investment horizon. From an investment perspective, we therefore seek an optimal level of tenant satisfaction that supports stable and high-quality occupancy, predictable cash flows, and long-term value creation. In parallel, Bouwinvest contributes to social cohesion through the provision of affordable housing, recognizing that affordability is a key determinant of social stability and access to housing in the markets in which we invest. We invest in affordable housing both by investing in such units, and by selecting specific professions for those units.

Where tenant interests do not fully align with returns, our ‘avoid harm’ operating principle 2.4.3.1 sets a clear lower boundary, ensuring that tenants receive proper treatment. If investors wish Bouwinvest to engage in tenant focused activities that do not improve the risk return profile, operating principle 2.4.3.3 applies.

2.7 Bouwinvest Impact Framework

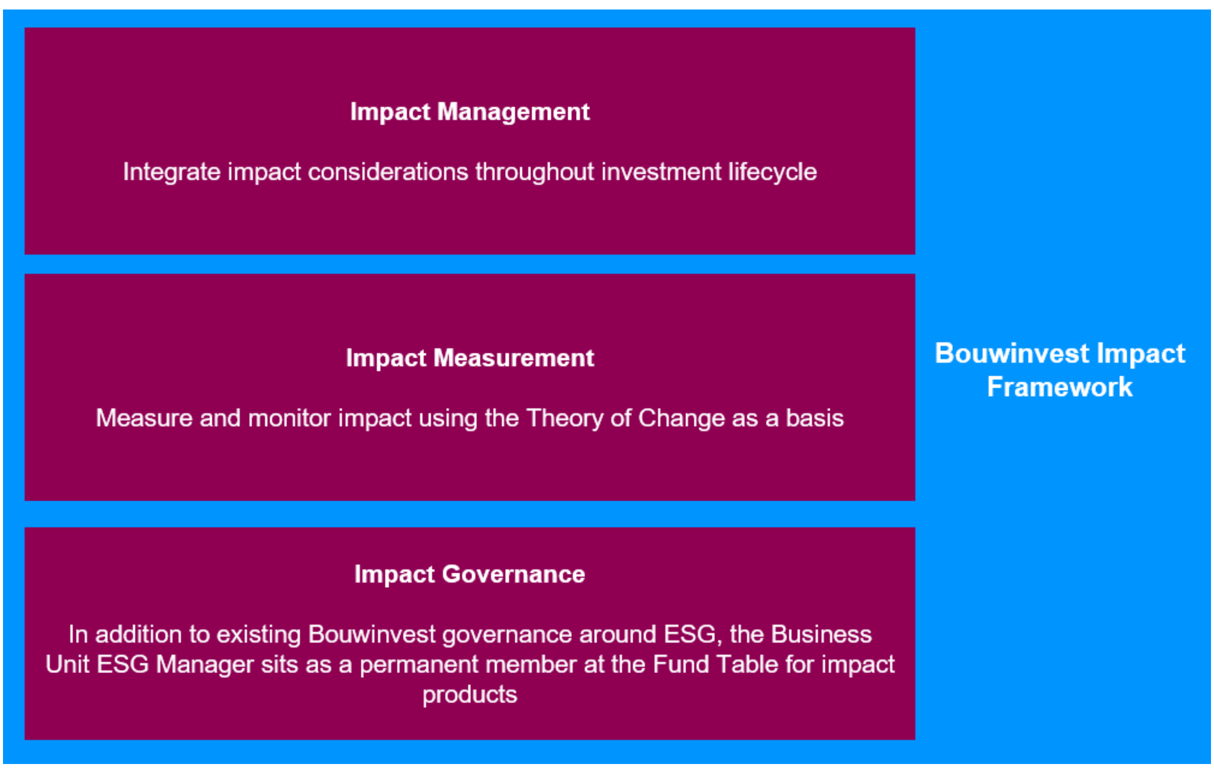
Bouwinvest currently operates two Impact products. These products are structured to achieve impact outcomes beyond those of our regular products, based on explicit investor requirements as reflected in the fund/mandate documentation. Consequently, they are subject to more ambitious sustainable investment targets and more specific sustainable investment definitions. The Impact Framework, which evolves around sustainable investments, should be viewed as a separate layer to the ESG Framework, tailored to these specific products. In the target setting the ESG Framework is taken into account.

To define how Bouwinvest implements and governs impact products in a way that is robust, comparable and resistant to greenwashing, an Impact Framework has been developed. In line with operating principle 2.4.3.5, Bouwinvest has incorporated industry standards as much as possible.

Bouwinvest has taken the position that it can be called ‘impact investing’ when products meet the SFDR article 9 criteria and meet the criteria to carry the word ‘impact’ in the product name. More information on this can be found in chapter 4.

Bouwinvest’s Impact Framework is centered around three pillars:

a) Impact Management
b) Impact Measurement
c) Impact Governance



2.5.3 Impact Management

The objective of impact management is to integrate impact considerations through the investment lifecycle. This pillar is inspired by the Global Impact Investing Network Operating Principles for Impact Management, a widely adopted global standard that serves as a reference point for assessing the impact management system of funds and institutions.

Strategic intent
What social or environmental problem is being targeted and how does this specific product aim to contribute to a solution to that problem? In this stage, the strategic intent of the product should be defined, including the impact objectives, return objectives, eligibility criteria such as asset types and geographies, and any constraints that could be applicable. In some cases, depending on the strategic objective of the impact product, an additional definition of a sustainable investment will also be formulated, apart from EU Taxonomy alignment (see chapter 4.4). This definition needs to comply with the requirements of a 'sustainable investment' as explained in the Sustainable Finance Disclosure Regulation (see chapter 4.2).
This will result in a fund- or mandate plan, which explicitly makes clear how the specific product intends to make impact.

Due diligence
For each investment within the impact product, an assessment should be made of how the investment performs against the impact criteria and which risk factors should be considered. Additionally, potential negative impacts of each investment should be assessed and potentially managed.

Portfolio management
During portfolio management, progress of the investments should continuously be tracked against the expected impact.

Exit
When conducting an exit, the effect of the timing and structure of the exit on the intended impact shall be considered.

2.7.2 Impact Measurement

Measuring and monitoring impact key performance indicators is crucial to ensure impact throughout the investment lifecycle. Bouwinvest applies the Theory of Change as a basis for impact measurement. The Theory of Change is a comprehensive framework that explains how and why a desired long-term impact will be achieved. It maps a five-step pathway from specific interventions to long-term goals, focusing on key outcomes needed for success.

For Bouwinvest specifically, these steps would be implemented as follows:

- Inputs: capital, expertise, partners
- Activities: acquisitions, developments, capex, leasing, tenant programs
- Outputs: tangible deliverables on key performance indicators
- Outcomes: beneficiary-level change
- Impact: broader societal or environmental change

2.7.3 Impact Governance

A similar governance structure is applicable to impact products as for Bouwinvest's other products. The Fund- or Mandate Manager is responsible for the impact objectives of the product. Additionally, for impact products only, the Business Unit ESG Manager should sit as a permanent member at the Fund Table for impact products.

2.8 Risk Management

Managing ESG-related risks is an integral part of Bouwinvest's fiduciary responsibility. As a long-term real estate investor, Bouwinvest is exposed to environmental, social, and governance developments that can materially affect asset performance, portfolio resilience, and the long-term risk-return profile. Given the immobile nature of real estate assets and the long investment horizon over which risks can materialize, proactively identifying, assessing, and managing ESG-related risks is essential to safeguarding value and avoiding unintended downside exposure. Given this, and consistent with the Bouwinvest ESG Vision and ESG Investment belief, Bouwinvest proactively manages exposure to ESG-related risk and does so at three distinct granularity levels:

- Asset level (for direct investments), with the goal to identify, prioritize, and implement climate adaptation and mitigation measures;
- Product level (fund/mandate), with the goal to optimize the product level risk-return profile;
- Portfolio level, with the goal to strategically manage the overall ESG risk exposure of Bouwinvest.

At the portfolio and product level, Bouwinvest reports risks using four Key Risk Indicators (KRI):

- KRI #1: physical climate risk, primarily using public weather pattern data and scenario models
- KRI #2: transition risk, primarily using the Carbon Risk Real Estate Monitor (CRREM) method
- KRI #3: social risk, by monitoring social controversies
- KRI #4: governance risk, by monitoring governance-related controversies

ESG risk considerations are embedded both in the fund- and mandate documentation (including plans) as well as each individual (dis)investment proposal, ensuring that ESG risks are considered across the investment lifecycle.

3 Engagement

One of the tools that Bouwinvest uses to achieve its objectives and avoid the risks, as mentioned in the ESG Framework, is through engagement. How we approach engagements will be different across the various types of direct and indirect real estate investments. In general, we engage with standard-setters to improve the ESG risks and ESG outcomes of the markets we invest in. Where relevant, we cooperate with other real estate investors or institutional investors to further such objectives. We are a member, signatory or affiliated with organizations such as the Dutch Green Building Council (DGBC) and the Global Real Estate Engagement Network (GREEN) to learn from, share best practices or conduct collaborative engagements.

One of our key stakeholders is our investor base. Our primary goal is to generate healthy long-term returns for our investors. We send out annual client satisfaction surveys to evaluate our performance. All our business relationships are tested against our customer due diligence process, to ensure ethical business operations. We require these stakeholders to comply with all legal requirements and expect them to support human rights and adequate labor conditions.

In our Dutch sector funds, we directly invest in and manage real estate assets ourselves and are therefore directly in control and in contact with stakeholders such as developers, property managers, suppliers, tenants and (sub-) contractors. We engage with these stakeholders on ESG topics where necessary to achieve our ESG objectives and to mitigate ESG risks. Bouwinvest is in a strategic partnership with the Dutch Green Building Council (DGBC), an independent non-profit network organization committed to making the built environment future-proof and sustainable.

For our indirect real estate investments, the level of influence varies by strategy, from significant in joint ventures to low in listed buckets.

For non-listed investments we apply continuous engagement with the manager, from due diligence through to exit. This involves evaluating with reference to the approved investment proposal and revised targets. Continuous engagement ensures that ESG objectives, performance, and regulatory compliance are maintained, and that the client’s investments align with their ESG objectives. Tools such as GRESB and bespoke rating models support evaluation and benchmarking. Where Bouwinvest plays a role in investee boards and investment (advisory) committees, and/or where voting in specific structures is possible, Bouwinvest will act and vote in line with the mandate documentation (including Plan) which reflects the investor requirements (including clients' Responsible Investment Policy). Responsible Investment Policy of its client and the mandate-specific strategic plan. Bouwinvest’s direct influence is, however, relatively low and its engagement activities focus on engagement with the investment partners and external fund managers through, or in which, Bouwinvest invests.

For listed investments, we engage with companies in our portfolio on specific ESG themes through our investment managers who collectively represent an important pool of institutional capital and leverage influence by the combined ownership stakes of like-minded investors. Their portfolio managers and analysts meet frequently with the management of the companies in our portfolio and express their view on an ongoing basis. If changes and/or improvements are required, the engagement strategies they deploy include initiating discussions with management, seeking adequate explanation or changes, using voting rights, and ultimately reducing exposure or divestment. To ensure that our ESG policies and those of the investment managers and actual implementation are all aligned, we monitor and challenge our investment managers. Furthermore, we collaborate with the Global Real Estate Engagement Network (GREEN) initiative, a network of institutional investors in real estate, focused on financially material climate risks and opportunities. We participate in the annual GRESB Outreach, and conduct sustainability meetings with companies during conferences, country visits and company roadshows.

Bouwinvest has not developed its own detailed voting policy for listed real estate investments, which are part of an exclusive mandate. We implement the voting policy of the mandate owner by selecting investment managers with a voting approach and practices that are aligned with its own voting policy. Bouwinvest reports voting practices to the client on a yearly basis.

If, in our day-to-day business, we run into any conflict of interest, we have a Code of Conduct in place that covers all Bouwinvest's employees and activities. Currently, Bouwinvest manages all indirect real estate for one client. If Bouwinvest were to invest on behalf of more clients in the future, potential conflicts of interest could arise regarding ESG strategy and requirements of the investment under review. We are aware of this risk and keep this in mind. A Conflict of Interest Policy is available on our website. These policies enable us to identify, monitor and manage conflicts of interest effectively to prevent them from adversely affecting our stakeholders.

4 Regulatory Framework

4.1 Responsibilities

The responsibility to monitor the introduction of, and amendments to, regulations, and to assess relevance and interpretation for Bouwinvest, rests with the Compliance department. The Corporate ESG team is responsible for incorporating the interpretations by Compliance into the relevant policies.

The Business Unit ESG Teams are responsible for implementing policies into their respective business units.

4.2 Sustainable Finance Disclosure Regulation

As an alternative investment fund manager (AIFM) and manager of individual investment portfolios of its clients, Bouwinvest is bound to comply with the Sustainable Finance Disclosure Regulation (SFDR). This regulation is part of the European Commission's Action Plan for Financing Sustainable Growth. The SFDR builds on the UN’s Sustainable Development Goals (SDGs) and the Paris Agreement designed to substantially reduce the risks and effects of climate change. The aim of the SFDR is to improve the provision of information to investors and/or clients on the sustainability impacts of the investment policy and investment decisions of Bouwinvest. Such transparency is crucial to facilitate the flow of capital towards the sustainable investments that are necessary for the transition to a sustainable economy. SFDR disclosures support investors in making these investment decisions.

Bouwinvest includes environmental, social and governance (ESG) criteria in all its investment decisions. Bouwinvest recognizes the importance of responsible investments and is committed to implementing the principles in its investment process.

The sustainability transparency that the SFDR aims to provide addresses three aspects of sustainability: (i) sustainability risks, (ii) sustainability ambition and (iii) the principle adverse impacts (PAI) of investment decisions on ‘sustainability factors’.

Transparency on sustainability risks is provided by Bouwinvest in three ways. Besides the information that is published in this investment policy on how sustainability risks are integrated, Bouwinvest indicates which sustainability risks are associated with each product in the pre-contractual product information.

The SFDR categorizes financial products into three main categories based on their *sustainability ambition*:

- Article 6: these financial products do not integrate any kind of sustainability into their investment process and do not promote environmental or social characteristics nor have a sustainable investment objective (i.e. a product without a sustainability ambition);

- Article 8: these financial products promote, among other characteristics, environmental or social characteristics or a combination of those characteristics, however, do not necessarily have sustainable investments as their primary objective; and

- Article 9: these financial products have a sustainable investment objective and aim to achieve positive environmental and/ or social impacts through their investment strategies. This means that an article 9 product must invest 90% in sustainable investments.

Existing Bouwinvest funds are classified under Article 8 or Article 9. Bouwinvest reports yearly on principal adverse impacts (PAI) on sustainability factors. At least, Bouwinvest reports on the mandatory PAI's for Bouwinvest.

4.3 Product naming

The European Securities and Markets Authority (ESMA) has published guidelines on funds' names using ESG-related terms. Bouwinvest takes these guidelines into account with all Funds and Mandates. Funds using transition-, social-, governance, environmental- and impact-related terms should[1]:

a) Meet an 80% threshold linked to the proportion of investments used to meet environmental or social characteristic or sustainable investment objectives;
b) Exclude investments in companies that invest in weapons, tobacco, and others.[2]

Additionally, funds using "impact"-related terms in their names should ensure that investments that contribute to the 80% threshold are made with the objective to generate a positive and measurable social or environmental impact alongside a financial return.

4.4 Sustainable Investment

Per the SFDR, a sustainable investment is defined as an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The SFDR provides flexibility in defining a sustainable investment. Given Operating Principle 2.4.3.5 – 'participate in market standards' Bouwinvest takes the position to define a sustainable investment according to the existing EU Taxonomy definition, and report accordingly. At the individual product level, the definition of a sustainable investment within their product can be expanded if needed to meet investor requests, if principle 2.4.3.3 is followed. This, for example, could be applicable for products that have a specific social objective, because the EU Taxonomy does not have a definition for social objectives currently.

The Taxonomy Regulation creates a comprehensive framework for the concept of sustainability, exactly defining when a company is operating sustainably or environmentally friendly. This regulation provides six environmental objectives, currently only the first two are applicable to ownership and acquisition of real estate:

1. **Climate change mitigation**
2. **Climate change adaptation**
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

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[1] For the full legal text, refer to *Guidelines on funds' names using ESG or sustainability-related terms* by the European Securities and Markets Authority.
[2] Companies referred to in Article 12(1)(a) to (g) of CDR (EU) 2020/1818.

To be classified as a sustainable economic activity according to the Taxonomy Regulation, the financial product must not only contribute to at least one environmental objective but also must not violate the other (i.e. do no significant harm). Additionally, the economic activity must meet 'minimum safeguards' aligned with the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises (OECD MNE) and the UN Guiding Principles on Business and Human Rights (UNGP) to not have a negative social impact.

For Bouwinvest, the objectives climate change mitigation and climate change adaptation are applicable. Alignment for each asset is measured through technical screening criteria, which are based on energy efficiency of the building, and climate adaptivity.

4.5 Impact Investing

The term 'impact investing' has gained traction in recent years. There is no single, universally accepted definition, although several organizations offer their interpretation of the term. Looking at definitions given by entities such as the Global Impact Investing Network (GIIN), the International Finance Corporation (IFC) and the Impact Frontiers (IF), the consensus is that impact investing emphasizes intentionality, measurable environmental and/or social impact, and the dual goals of financial returns alongside environmental and/or social impact.

Further, use of the term 'impact investing' currently lacks a regulatory framework. To clarify terminology, the term 'impact investing' is not be confused with carrying the word 'impact' in a financial product (for which the ESMA has provided specific guidelines (see 4.3)), nor is it to be confused with labeling the product with the SFDR Article 9 classification (for which the European Commission has provided guidelines (see 4.2)), nor is it to be confused with the term 'sustainable investments' for which there is also no regulatory framework (but for which Bouwinvest has set a definition, see 4.4).

The position Bouwinvest takes around the term 'impact investing' is that because it lacks a clear and measurable definition, it is prone to misuse, which sits opposite to our core operating principle to 'do not greenwash' (see 2.4.3.2). In addition, our operating principle is to support clear market standards (2.4.3.5). Therefore, the position Bouwinvest takes is that it would be beneficial to have a clearer, comparable, and measurable definition of the term 'impact investing' than currently exists in the market. For our own internal purposes, we therefore define 'impact investing' as those products that meet the SFDR article 9 criteria (see 4.2) and meet the criteria to carry the word 'impact' in the product name (see 4.3). For our purposes here, it does not matter if the product does, or does not, fall under the SFDR regulatory framework.

4.6 Minimum safeguards

Alignment with the minimum safeguards require procedures and actions implemented by Bouwinvest to ensure compliance with the OECD Guidelines and the UN Guiding Principles. These underlying tools provide guidance and context to the interpretation of the minimum safeguards. In general, the topics covered by the minimum safeguards are:

- Human rights, including workers' rights, consumers' rights and rights of communities
- Bribery and corruption
- Taxation
- Fair competition

A two-staged approach is recommended to assess compliance, consisting of a 'Process Test' – a positive assessment that is focused on prevention by implementing and regularly assessing due diligence processes, and an 'Outcome Test' – a negative assessment that focuses on impacts or events (not) to have occurred.

Process Test

- Bouwinvest has implemented a due diligence process that follows the UN Guiding Principles and the OECD Guidelines, which can be found in Appendix [II].
- Bouwinvest has an Exclusion Policy, based on the UN Global Compact, which can be found in Appendix [I].
- Bouwinvest expects its business partners and service providers to follow the same guidelines. This means that it expects all parties to adhere to internationally accepted minimum standards on human rights, labor practices, the environment, governance and anti-corruption. Details of how Bouwinvest tackles stewardship & engagement can be found in chapter 3.
- Bouwinvest has a Compliance Department that is responsible for policies and processes that ensure fair and responsible business conduct. Policies include a Code of Conduct for employees, as well as a Conflict-of-Interest Policy, Whistleblower Policy, Policy on Private Investments and Secondary Functions.
- Bouwinvest has a Tax Department that operates on a Tax Policy.

Outcome Test

Besides having processes in place to avoid misconduct, Bouwinvest monitors violations. Violations include convictions of bribery, human rights violations, corruption or tax evasion, and breaches of anti-competition laws.

5 Management organization

In pursuit of the core business – delivering financial returns from real estate investments – Bouwinvest has a set of secondary effects that flow from being such an entity. These secondary effects should be taken into consideration by the management organization.

5.1 Materiality

To identify how Bouwinvest impacts its environment (including society) and vice versa, a materiality analysis was completed in 2024, to determine material topics for reporting purposes of the management organization. From this analysis, the following material topics were identified:

- The developments around global climate change ('Climate change')
- The developments around global resource shortages ('Resource use')
- How Bouwinvest runs and controls its own organization ('Governance')
- Interaction with employees ('Own workforce')
- Interaction with tenants ('Tenant interest')
- How data entrusted to Bouwinvest is handled ('Data security and privacy')

Moving forward an extensive materiality analysis is done once every three years by the Corporate ESG team, the results of which are approved by the Management Board.

5.2 United Nations frameworks

Bouwinvest recognizes that many of the challenges mankind faces cannot be solved at the nation-state level. Non-profit entities that organize cooperation between nation-states, such as the United Nations, play a key role in solving shared challenges. Bouwinvest specifically wants to position itself relative to two key UN frameworks.

First, in 2015 the United Nations (UN) set the 'Agenda for Sustainable Development'. As part of this, a set of 17 global sustainable development goals (SDGs) were established, aiming to provide a shared blueprint for peace and prosperity for people and the planet. It is Bouwinvest's position that of these 17 SDGs, Bouwinvest as a whole contributes to the following three SDGs:

SDG 7: Affordable and clean energy	SDG Contribution
Target **7.2**: increase the share of renewable energy in the energy mix (paragraph 2.5.1).	
SDG 11: Sustainable cities and communities	
Target **11.1**: ensure access to adequate, safe and affordable housing and basic services (paragraph 1.2)	
SDG 13: Climate action	
Target **13.1**: strengthen resilience and adaptive capacity to climate-related hazards and natural disasters (paragraph 2.5.2)	
Target **13.2**: integrate climate change measures in policies, strategies and planning (paragraph 2.5.1)	

At the individual product level, fund- and mandate managers can incorporate a different set of SDGs, as long as a documented case for this is included in the Investor Memorandum (IM).

Second, in 2015, the international treaty to address climate change and its impacts through collective global action was signed. This ‘Paris Agreement’ aims to reduce carbon emissions by 2050. Bouwinvest has committed to be aligned with the Paris agreement 2050 targets in 2045.

5.3 Practice what you preach

Given the core belief that ESG is an opportunity to add value for Bouwinvest’s investors, Bouwinvest's analysis on the secondary-order effects of engaging in real estate investing, and Bouwinvest’s positioning around ‘real value for life', Bouwinvest takes the position that its own management organization must act in accordance with the principles, values, and beliefs that it applies in its investment practices, i.e., practice what you preach.

6 Reporting

6.1 Responsibilities

The responsibility to coordinate our formal financial reporting rests with the Control department. The responsibility to coordinate all formal non-financial reporting rests with Corporate ESG. At the product level, end responsibility for the formal reports lies with the funds/mandates. At the organization level, end responsibility for the formal reports lies with the Managing Board. This policy applies specifically to formal non-financial reporting.

6.2 Reporting assurance

6.2.1 Standards

Given operating principle 2.4.3.5 – contribute to and follow market standards – Bouwinvest reports according to a market standard, specifically the Global Reporting Initiative (GRI). Bouwinvest applies the GRI framework, specifically the framework ‘reporting with reference to’, for non-financial reporting of the management company.

6.2.2 ISAE

Given operating principle 2.4.3.5 – contribute to and follow market standards – Bouwinvest provides information that can be externally assessed for reliability, by adhering to the International Standard on Assurance Engagements (ISAE) set by the International Auditing and Assurance Standards Board (IAASB).

6.3 Reporting deliverables

Bouwinvest provides the following formal reports:

- Quarterly and Annual report on the management company
- Quarterly and Annual report on direct products (the funds)
- SFDR periodic, pre-contractual, website, and PAI disclosures

Along those, Bouwinvest benchmarks and/or reports ESG performance using various market standards:

- Global Real Estate Sustainability Benchmark (GRESB), a framework for investors and managers to evaluate and improve the sustainability practices of their portfolio
- United Nations Principles for Responsible Investment score (UN PRI), a rating that reflects how well an organization adheres to the principles of responsible investment as outlined by the UN PRI
- INREV ESG Standard Delivery Data Sheet (SDDS), a common reporting format for investment managers and investors to exchange information. This creates uniformity, transparency, and operational efficiencies between both parties.

7 Appendices

7.1 Appendix I: Exclusion Policy

7.2 Appendix II: ESG Due Diligence