

ESG

Due Diligence Statement

January 2024

Introduction

Bouwinvest Real Estate Investors B.V. (hereafter: Bouwinvest) manages five Dutch sector funds, an impact partnership and three international mandates. Bouwinvest invests assets of institutional investors in real estate products worldwide in a responsible manner with the aim of creating 'Real Value for Life'. Important pillars for achieving our purpose are social responsibility and sustainability.

Bouwinvest is convinced that organisations, and therefore Bouwinvest itself, can make a positive contribution to progress both in economic terms and in terms of the environment, society and good governance (hereinafter referred to as ESG). For that reason, Bouwinvest has chosen to endorse international standards with respect to responsible business and investment, such as the UN Principles for Responsible Investments¹ (hereafter: UN PRI), the OECD Guidelines for Multinational Enterprises² (hereafter: OECD Guidelines) and the UN Guiding Principles on Business and Human Rights (UNGPs)³.

The application of those international standards includes conducting what is known as ESG due diligence. Bouwinvest performs ESG due diligence on its operations, its supply chain and other business relationships of the organisation. This involves looking at the possible impact of Bouwinvest's activities on the environment, people and society, and the possible ways to mitigate these impacts, plus taking these impacts into account in decision-making processes. This ESG due diligence is carried out alongside other due diligence activities, such as client due diligence.

¹ <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>

² <https://www.oesorichtlijnen.nl/documenten/brochure/201/12/8/volledige-tekst-oeso-richtlijnen>

³ https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

Bouwinvest's ESG due diligence process follows six steps as defined in the OECD guidelines (see figure 1).

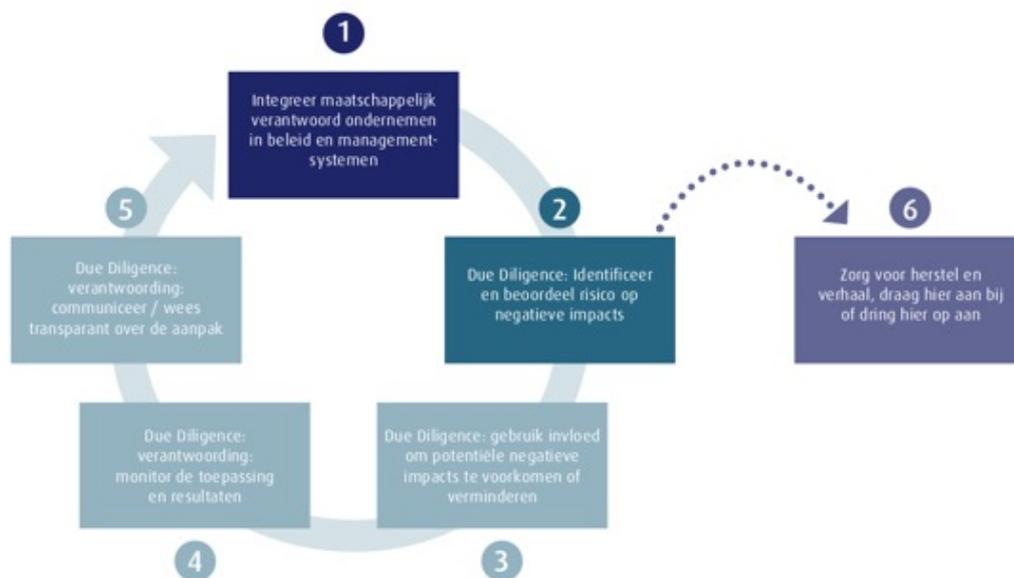


Figure 1 - Due Diligence cycle: Showing the six due diligence steps according to the OECD Guidelines for Multinational Enterprises, as explained in the Toolkit drawn up for pension funds under the IMVB (International Socially Responsible Investment) Covenant: [Toolbox \(pensioenfederatie.nl\)](https://www.pensioenfederatie.nl):

1. Integrate socially responsible business in policy and management systems
2. Due Diligence: identify and assess risk of adverse impacts
3. Due Diligence: use influence to prevent or mitigate potential adverse impacts
4. Due Diligence: reporting: monitor the application and results
5. Due Diligence: reporting: communicate / be transparent on the approach
6. Ensure remedial action and recovery, contribute to this or insist on this

Bouwinvest is currently developing its due diligence policy and will continue to shape this in the coming period.

Bouwinvest activities

Bouwinvest focuses entirely on real estate investments and has both Dutch and international activities. The international investments are indirect investments and can be divided into listed and unlisted property investments. The Dutch activities are direct investments in Dutch real estate.

An important difference between the Dutch and international activities is therefore how Bouwinvest can exert its influence. The international investments are managed by international managers. Which is why with respect to these international investments, according to the OECD guidelines, Bouwinvest's primary tool is the selection and monitoring of these managers. As part of this, during the preliminary analysis Bouwinvest examines the modus operandi of these managers, the relevant ESG risks and any adverse impact of the investments on the environment and society in more detail. With respect to its Dutch activities, Bouwinvest's due diligence activities have a direct bearing on the supply chain, such as the developer, contractor and any consultants hired.

How Bouwinvest implements the six steps of the OECD Guidelines

1. Embed corporate responsibility in policies and management systems
 - The [Responsible Investment & Corporate Responsibility policy](#) lays down the parameters and preconditions related to the environment, society and good governance (ESG) for real estate investments.
 - The fund, partnership and mandate plans, which are drawn up annually, include details of the responsible investment frameworks and preconditions in the form of ESG investment criteria and ESG objectives for each real estate investment product for a period of three years. The plans also identify ESG risks and opportunities and take them fully into account.
 - ESG criteria are taken into account in investment decisions in the acquisition, management and disposal phases. This applies to all real estate investments, both in the Netherlands and internationally.
2. Identify and assess the adverse impacts of investments in the portfolio
 - Bouwinvest uses a value creation model to provide insight into which financial, social and human capital is deployed, how value is added and destroyed, and what this means for society as a whole. Insight into this helps us to think holistically about the adverse impacts on both the environment and society, and then to act accordingly.
 - To gain insight into the most important material issues, Bouwinvest conducts an annual materiality analysis, which also takes into account the expectations of our stakeholders.
 - In addition, Bouwinvest analyses countries in which it invests on the basis of a country risk model, which includes ESG criteria.
 - All new real estate investments, both in the Netherlands and abroad, undergo an extensive due diligence process, which identifies and prioritises potential adverse environmental and social impacts of the relevant real estate investment. The assessment of all new investments is based on the information provided by the parties with whom Bouwinvest does business, such as the external manager (international) or seller/project developer (the Netherlands), as well as on the basis of public information and information from independent external benchmarks, international standards, market research and Bouwinvest's own data.
 - Bouwinvest prepares an investment proposal For all new real estate investments in the sector funds and this is discussed in the Investment Advisory Committee, which includes an ESG specialist with voting rights. Any potential ESG risks and (potential) adverse impacts identified in the due diligence process, the established ESG investment criteria and the contribution to ESG objectives are standard parts of the investment proposal.
 - Bouwinvest prepares an investment proposal for all new real estate investments in the Social Impact Partnership. The investment proposal includes the advice of an ESG specialist. The potential ESG risks and (potential) adverse impacts identified in the due diligence process, the established ESG investment criteria and the contribution to ESG objectives are standard parts of the investment proposal.
 - The risk-return model (part of an investment proposal) includes an assessment of the identified ESG risks and (potential) adverse impacts.
 - Building certifications, benchmarks, audits and the actual measurement of the environmental impact of buildings are examples of tools Bouwinvest uses when identifying and assessing ESG risks and (potential) adverse impacts.
 - Controversies or significant ESG incidents are reported to our clients in accordance with the Business Risk Incident Management policy.

3. Cease, prevent or mitigate adverse impacts

- The entire real estate portfolio is subject to an [exclusion policy](#). This policy specifies which countries and which types of buildings Bouwinvest does not invest in, which types of companies it does not lease to and which parties or persons Bouwinvest does not do business with. The basic premise of the policy is that Bouwinvest only invests in countries with transparent real estate markets.
- The entire real estate portfolio is subject to a [stewardship & engagement policy](#). This policy describes how Bouwinvest fulfils its stewardship role and how it uses engagement to stop, prevent or limit adverse impacts on its supply chain partners. In the Dutch sector funds and the Impact Partnership, Bouwinvest can exert direct influence to stop, prevent or limit adverse impacts. In the unlisted international investments, Bouwinvest seeks a role in the investment advisory committees of these investments to exert influence. The external managers of listed real estate investments use discussions with the management of listed companies to make clear what improvements they would like to see and exert their influence through their voting rights.
- Bouwinvest ESG specialists are voting members of the Investment Advisory Committees of the sector funds and international mandates and, in that capacity, can provide advice on ceasing, preventing or mitigating the (potential) adverse environmental and social impacts of new investments.
- All new real estate investments for the sector funds are submitted to the Management Board for approval with the advice from the Investment Advisory Committee. Investments that fall outside the mandate or exceed an investment limit are submitted to the Advisory Committee or the client for advice.
- Investment proposals for the Impact Partnership include advice from Bouwinvest ESG specialists on ceasing, preventing or mitigating the (potential) adverse environmental and social impacts of new investments. The investment proposals are submitted to the Investment Committee (with the members of the Management Board) for decision-making and then to the Advisory Committee (with investors) for approval.
- Bouwinvest incorporates ESG conditions and criteria in contracts with selling parties (Dutch investments) and external managers (international investments). These conditions include: transparency on ESG performance (e.g. GRESB participation), ESG requirements for buildings and/or construction sites, regular ESG reports and reports on controversies or significant ESG incidents.
- We use our Responsible Investment & Corporate Responsibility policy, targets and guidelines, such as those on energy and CO2 reduction, building certifications, affordable housing and safety on construction sites, to make (potential) adverse environmental and social impacts of the real estate portfolio transparent and to try to prevent or mitigate those impacts.
- In the event of serious ESG incidents, which cannot be sufficiently mitigated, Bouwinvest may decide to exit a specific investment, to ask an external manager to exit from it, or not to invest with that manager in the future.

4. Monitor practical implementation and results

- Bouwinvest monitors progress on the implementation of the Responsible Investment & Corporate Responsibility policy, objectives and identified adverse environmental and social impacts on a quarterly basis.
- To monitor progress, Bouwinvest uses internal tools and/or external benchmarks, such as the Global Real Estate Sustainability Benchmark (GRESB) and the United Nations Principles for Responsible Investing (UN PRI). These are used to measure progress independently and periodically.
- Each year, Bouwinvest assesses all investments and managers for financial and ESG performance, ESG risks and (potential) adverse environmental and social impacts. Bouwinvest determines any follow-up actions the basis of this assessment.

5. Communicate how adverse impacts are addressed
 - Bouwinvest monitors the Responsible Investment & Corporate Responsibility policy and ESG-related commitments included in the fund, partnership and mandate plans on a quarterly basis. Bouwinvest communicates the progress to clients through quarterly reports.
 - Annual reports provide insight into how any adverse environmental and social impacts of the real estate portfolio have been identified, mitigated and monitored, both at investment manager and fund level.
 - Reporting takes into account industry standards and internationally accepted guidelines, including the INREV reporting guidelines and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.
6. Provide for or cooperate in remedial action
 - Bouwinvest looks at what steps need to be taken on a case-by-case basis.

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