

28 June, 2024

Principal Adverse Sustainability Impact Statement

Financial market participant: Bouwinvest Real Estate Investors B.V.

Samenvatting

Bouwinvest Real Estate Investors B.V. (hierna: Bouwinvest) belegt direct (Nederlandse beleggingen) en indirect (internationale beleggingen) in vastgoed. Bouwinvest beheert vijf Nederlandse fondsen, een Nederlands partnership en drie Internationale mandaten, te weten:

- Bouwinvest Dutch Institutional Residential Fund
- Bouwinvest Dutch Institutional Retail Fund
- Bouwinvest Dutch Institutional Office Fund
- Bouwinvest Dutch Institutional Healthcare Fund
- Bouwinvest Dutch Institutional Hotel Fund
- Dutch Social Impact Real Estate Partnership
- Europe Mandate
- North-America Mandate
- Asia-Pacific Mandate

Bouwinvest neemt naast de ESG-risico's (Environmental, Social en Governance) ook de belangrijkste nadelige effecten van haar investeringsbeslissingen op duurzaamheidsfactoren in beschouwing. Deze verklaring zoals vereist door de Sustainable Finance Disclosure Regulation (SFDR) is de geconsolideerde verklaring van Bouwinvest Real Estate Investors B.V. over de belangrijkste nadelige duurzaamheidseffecten van zijn activiteiten in relatie tot de Nederlandse fondsen, het Nederlandse Partnership en Internationale mandaten. Met betrekking tot onze activiteiten is niet alle informatie beschikbaar over de belangrijkste nadelige duurzaamheidseffecten. Daarom wordt bij elk belangrijk nadelig duurzaamheidseffect de toepasbaarheid vermeld in voetnoten.

Deze verklaring over de belangrijkste nadelige duurzaamheidseffecten heeft betrekking op de referentieperiode van 1 januari 2023 tot en met 31 december 2023 en is gedeeltelijk gebaseerd op de GRESB benchmarks 2023 die gegevens gebruiken die van toepassing zijn op 2022.

De belangrijkste nadelige duurzaamheidseffecten die van toepassing zijn op Bouwinvest zijn weergegeven in onderstaande tabel.

Nadelige duurzaamheidsindicatoren die van toepassing zijn op beleggingen in vastgoed		Meeteenheid	Impact 2023	Impact 2022
Fossiele brandstoffen	17. Blootstelling aan fossiele brandstoffen via vastgoed	Percentage van investeringen in onroerend goed dat betrokken is bij de winning, opslag, transport of productie van fossiele brandstoffen	Geen	Geen

Energie efficiëntie	18. Blootstelling aan energie-inefficiënt vastgoed	Percentage van investeringen energie-inefficiënt vastgoed	4% (label C of lager)	3% (label C of lager)
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Indicatoren die van toepassing zijn op beleggingen in vastgoed		Meeteenheid	Impact 2023	Impact 2022
GHG (Broeikasgassen)	18. GHG-uitstoot	Scope 1 veroorzaakt door vastgoed, in ton CO2-eq	2.710	6.324
		Scope 2 veroorzaakt door vastgoed, in ton CO2-eq	30.816	49.075
		Scope 3 veroorzaakt door vastgoed, in ton CO2-eq	62.922	96.125
		Totale broeikasgasemissies (scope 1, 2 en 3) veroorzaakt door vastgoed, in ton CO2-eq	96.448	151.525
Energieverbruik	19. Intensiteit energieverbruik	Intensiteit energie in kWh van vastgoed in eigendom, per vierkante meter	170	162

De verklaring met de belangrijkste nadelige effecten heeft betrekking op de volgende hoofdstukken:

1. Beschrijving van de belangrijkste nadelige duurzaamheidseffecten
2. Beschrijving van beleid om de belangrijkste nadelige duurzaamheidseffecten te identificeren en prioriteren
3. Beschrijving van acties om de belangrijkste nadelige duurzaamheidseffecten tegen te gaan
4. Engagement beleid
5. Naleving van internationale normen
6. Historische vergelijking
7. Aanvullende informatie

Summary

Bouwinvest Real Estate Investors B.V. (hereafter: Bouwinvest) invests directly (Dutch investments) and indirectly (international investments) in real estate. Bouwinvest manages five Dutch Funds, one Dutch Partnership and three International mandates, namely:

- Bouwinvest Dutch Institutional Residential Fund
- Bouwinvest Dutch Institutional Retail Fund
- Bouwinvest Dutch Institutional Office Fund
- Bouwinvest Dutch Institutional Healthcare Fund
- Bouwinvest Dutch Institutional Hotel Fund
- Dutch Social Impact Real Estate Partnership
- Europe Mandate
- North-America Mandate
- Asia-Pacific Mandate

In addition to environmental, social and governance (ESG) risks (or sustainability risks), Bouwinvest considers principal adverse impacts of its investment decisions on sustainability factors. The present statement as required by Sustainable Finance Disclosure Regulation (SFDR) is the consolidated principal adverse sustainability impact statement of Bouwinvest Real Estate Investors B.V. for its activities in relation to the Dutch Funds, the Dutch Partnership and International mandates. In relation to our activities not all information is available on the principal adverse sustainability impacts. Therefore, with every principal adverse sustainability impact the applicability is mentioned in footnotes.

This principal adverse sustainability impact statement covers the reference period from 1 January 2023 to 31 December 2023 and is partly based on the GRESB benchmarks 2023 which use data applicable to 2022.

The principle adverse impacts applicable to Bouwinvest are presented in the table below.

Adverse sustainability indicators applicable to investments in real estate assets		Metric	Impact 2023	Impact 2022
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	None	None
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	4% (label C or lower)	3% (label C or lower)

Indicators applicable to investments in real estate assets	Metric	Impact 2023	Impact 2022
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GHG	18. GHG emissions	Scope 1 generated by real estate assets in tonnes CO2-eq	2.710	6.324
		Scope 2 generated by real estate assets in tonnes CO2-eq	30.816	49.075
		Scope 3 generated by real estate assets in tonnes CO2-eq	62.922	96.125
		Total GHG emissions (scope 1 2 and 3) generated by real estate assets in tonnes CO2-eq	96.448	151.525
Energy consumption	19. Energy consumption intensity	Energy intensity in kWh of owned real estate assets per square meter	170	162

The statement regarding the principle adverse impacts covers the following chapters:

1. Description of principal adverse sustainability impacts
2. Description of policies to identify and prioritise principal adverse sustainability impacts
3. Description of actions to address principal adverse sustainability impacts
4. Engagement policies
5. Adherence to international standards
6. Historical comparison
7. Additional information

1. Description of principal adverse sustainability impacts

Adverse sustainability indicators applicable to investments in real estate assets		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	None	None	Bouwinvest has very limited to no exposure to fossil fuels through real estate assets	Bouwinvest excludes investments in buildings used to extract, store, transport and produce fossil fuels through its exclusion policy,
Energy efficiency	18. Exposure to energy-inefficient real estate assets ¹	Share of investments in energy-inefficient real estate assets	4% (label C or lower)	3% (label C or lower)	The increase in energy in-efficient real estate assets is mainly due to an increase in the European mandate, which is a result of an increase in energy labelled real estate assets. Both the share of energy efficient real estate assets as energy in-efficient real estate assets increased. However, the increase of the share of energy in-efficient real estate assets was relatively stronger.	Bouwinvest continues its investments in sustainability measures, like isolation and replacing installations, in existing buildings to reduce the exposure to energy-inefficient real estate assets. For its international investments, Bouwinvest aims for an increase in the share of renewable energy, a decrease in energy consumption and a focus on carbon reduction pathways in line with CRREM. Bouwinvest has set the following targets to achieve a reduced exposure to energy-inefficient real estate assets: <ul style="list-style-type: none"> • Free of natural gas (% m2) in 2045 • Average energy intensity: below norm Paris Proof in 2045 • Portfolio performance against the CRREM 1.5 degree aligned decarbonisation / energy reduction pathway in percentage stranded

Other indicators for principal adverse impact

¹ With regard to Dutch investments almost all have been provided with an energy label (specific assets i.e. parking garages have not been awarded an energy label - which is less than 1% of Dutch investments). Of these Dutch investments 99% is energy efficient and 1% is inefficient (2023). For European investments, 55% are awarded with an energy label (EPC) and rating (A to I). Of these, 25% is energy-efficient and 30% is energy-inefficient. In relation to the international investments, the requested information is not available at this moment for investments in North-America and Asia-Pacific. For 28% of the portfolio no energy labels are available at this moment.

Indicators applicable to investments in real estate assets		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
GHG	18. GHG emissions ²	Scope 1 GHG emissions generated by real estate assets	2.710	6.324	The decrease of GHG emissions of the Dutch investments is mainly due to the implementation of sustainability measures and a greater awareness of tenants regarding energy use.	Bouwinvest has set the following targets for direct investments to achieve reduce the exposure to energy-inefficient real estate assets: • Free of natural gas (% m2) in 2045
		Scope 2 GHG emissions generated by real estate assets	30.816	49.075	Regarding the International mandates, the decrease is mainly due to the following: • Funds with a strong reduction in GHG emissions in which we have a large participation rate	Bouwinvest has set the following targets for direct investments to achieve a reduced exposure to energy-inefficient real estate assets: • Annually no scope 2 emissions
		Scope 3 GHG emissions generated by real estate assets	62.922	96.125	• An increase in participation in funds that have low GHG emissions	We engage with tenants to provide insight into their energy consumption. We also focus on an increase of green leases.
		Total GHG emissions (scope 1 2 and 3) generated by real estate assets in tonnes CO2-eq	96.448	151.525	• A decrease in participation rate in funds with a large increase in GHG emissions • A relatively high participation rate in funds with a decrease in GHG emissions • A number of funds in which we no longer participate	For our international investments, this topic is part of engagement with local fund managers For direct investments, refer to the actions presented under scope 1,2,3
Energy consumption	19. Energy consumption intensity ³	Energy intensity in kWh of owned real estate assets per square meter	170	162	Includes weighted average intensity for direct investments with 100% data coverage and unweighted average intensity (reported in GRESB 2022) for indirect investments.	Bouwinvest has set the following targets to achieve a reduced exposure to energy-inefficient real estate assets: • Average energy intensity: below norm Paris Proof in 2045

² This information contains all GHG emissions of Dutch investments and partially emissions of international investments. In relation to the international investments 78% of GHG emissions data is available.

³ In relation to the international investments 77% of energy consumption intensity data is available.

Section 3 of this statement describes the actions Bouwinvest took to address principal adverse sustainability impacts and addresses the changes in adverse impacts between 2022 and 2023.

2. Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors

Bouwinvest is convinced that organisations, including Bouwinvest itself, can make a positive contribution to economic, environmental and social development. Bouwinvest endorses international standards in relation to responsible business and investment, such as the OECD Guidelines for multinational enterprises (OECD), the UN Principles for Responsible Investment (UNPRI) and the UN Guiding Principles on Business and Human Rights (UNGPs) and actively chooses alignment with the starting points and principles of the UN Global Compact. This means that any investments Bouwinvest makes must comprehensively consider human rights, labour conditions, the environment, climate change and measures to tackle corruption.

Bouwinvest's Corporate Responsibility & Responsible Investment Policy defines Bouwinvest's approach towards its contribution to economic, environmental and social development. This Policy is based on the previous Responsible Investment Policy and is revised in 2023 and approved by the Management Board to better reflect Bouwinvest's ambition on this topic.

Governance

The Management Board is ultimate responsible for corporate responsibility and responsible investment. The investment teams are responsible for the integration of ESG into their individual investment capabilities to be able to realise responsible investments. The investment teams have a dedicated ESG manager. Further, at Bouwinvest the ESG department oversees, coordinates and drives sustainability matters from a company-wide perspective and acts as the central point for our sustainable investment strategies and policies and delivers expertise and insights to the investment teams.

Identification & prioritization

The Corporate Responsibility & Responsible Investment Policy of Bouwinvest ([link](#)) outlines Bouwinvest's overarching ESG-framework and objectives. As part of this Policy, a materiality assessment is periodically performed in dialogue with our stakeholders to identify the most material aspects (including ESG). In addition to this assessment, Bouwinvest uses an ESG risk methodology to assess the relevance of potential ESG risks, including a detailed approach for climate related physical risk. The relevance is determined by assessing the impact of the ESG risk on our real estate investments as well as assessing the impact on environment & society through our real estate. This latter impact is equal to (potential) substantial adverse sustainability impacts.

ESG risks with a medium or high impact either on our portfolio or environment & society, are integrated in our ESG due diligence framework and investment decision making processes. The 6-step ESG due diligence framework we have implemented is detailed in our ESG Due Diligence Statement ([link](#)).

Bouwinvest believes that some products and business practices are detrimental to society and incompatible with our responsible investment strategies. Therefore, certain exclusion criteria are applied for industries, organisations and countries, refer to PAI 17. See our Exclusion Policy on our website for more details: [link](#).

This approach enables us to minimize the margin of error as much as possible based on the current insights and available data.

Data sources

Bouwinvest monitors the performance and impact on mandatory and voluntary selected principal adverse sustainability indicators. For the Dutch Funds this is conducted by gathering data from the properties, taking questionnaires from our tenants and outcomes from sustainability assessments or certifications. For the international mandates we mainly rely on the data which is reported by the fund managers through GRESB (Global Real Estate Sustainability Benchmark). GRESB delivers its assessment results in October of each year and uses data of the previous year. Regarding the international mandates, we consider the data reported in the GRESB assessment 2023 as the data for this reference period.

3. Description of actions to address principal adverse impacts of investment decisions on sustainability factors

Bouwinvest uses several instruments to identify ESG risks and opportunities and minimise adverse sustainability impacts of investments, including screening assessments, mitigation measures, engagement, voting and ESG integration in decision making. The actions taken during the reference period resulted in stabilization or decrease on all adverse impact indicators (energy efficiency, GHG emissions and energy consumption) for the Dutch Funds on which Bouwinvest has a direct impact. The higher adverse sustainability impacts are mainly due to an increase of the data of our International mandates on which we elaborate more in this paragraph.

ESG integration

We integrated ESG criteria into the investment decision making processes (acquisition, management and disposition). ESG performance is also embedded in our risk-return scoring model which is part of our annual hold-sell evaluation of investments. The better the ESG score, the lower the ESG risk and principle adverse impacts. We have a strong focus on sustainability ratings for fund and buildings, environmental impact, affordability and health, safety & working conditions on construction sites.

Screening assessments

For new investments Bouwinvest assesses to what extent they fit in the Responsible Investment & Corporate Responsibility Policy and the ESG objectives of the Dutch Funds and the international mandates. Bouwinvest excludes investments in line with its Exclusion Policy. The assessment of the fit with objectives, risks and adverse impacts is systematically integrated in the due diligence procedure for acquisitions. Our approach enabled us to select investments with better ESG scores with less risk. The result of higher adverse sustainability impacts on the indicators energy efficiency and energy consumption compared to 2022 is mainly due to an increase in coverage of the data.

Mitigation measures

Bouwinvest signed the Paris Proof commitment of the Dutch Green Building Council (DGBC). Bouwinvest has set itself the goal of a climate-neutral portfolio by 2045, which will contribute to compliance with the Paris climate agreement (COP21). In 2023, Bouwinvest recorded an increase in adverse impact on the indicator energy consumption and a decrease in total GHG emissions. Bouwinvest managed to reduce the impact of its Dutch standing portfolio last year in particular through the generation of more on-site sustainable energy, such as the installation of solar panels and thermal energy storage systems and by applying better insulation and the installation of more energy efficient installations. For all Dutch funds, detailed road maps were developed and integrated in the maintenance plans in order to make our portfolio Paris Proof.

Engagement

For all our international investments we use ESG assessment tools, like GRESB and CRREM, to help us make informed business decisions to mitigate ESG risks, minimise adverse impacts and enhance our long-term returns. We highly encourage local fund managers to participate in the annual GRESB assessment. In 2023 we also had conversations on the GRESB results and potential improvements with several fund managers.

Furthermore, Bouwinvest has a Stewardship & Engagement Policy in place which prescribes the way Bouwinvest gives substance to its stewardship and engagement roles. For our international mandates, Bouwinvest developed an Engagement Plan for 2023, which describes the relevant topics, like the GRESB participation, CRREM and ESG in general, which are periodically discussed with the local fund managers.

Voting

Where voting in specific structures is possible, Bouwinvest votes in line with its Stewardship and Engagement Policy, the Corporate Responsibility & Responsible Investment Policy and the mandate specific strategic plan.

4. Engagement policies

We believe that being an active investor will help our real estate investments make a positive impact, and that investments' long-term financial returns are connected to their strategic, environmental, social and governance performance. We exercise active ownership through stewardship and engagement with developers and suppliers (Dutch Funds), fund managers (unlisted investments), investment managers (listed investments) and regulators and standard setters. And where relevant, we cooperate with other real estate investors or institutional investors. We use the OECD guidelines and UNGPs as guiding framework for our focus on mitigating and preventing (further) adverse impacts on people and the environment of or through our investments.

We define stewardship as individual or collaborative activities to protect and enhance the value of the investments and to attain our investment objectives. Engagements always have a change objective, whether to improve ESG risk management, influence positive ESG outcomes and/or mitigate adverse impacts.

The way we invest has an effect on the level of influence we have on principal adverse impacts. In the Dutch Funds Bouwinvest can exert direct influence in order to stop, prevent or limit adverse impacts, enhance positive ESG outcomes and manage financially material ESG risks. Engagement is therefore typically done before the actual purchase of the property.

Internationally, Bouwinvest primarily invests in unlisted entities that hold real estate only, for which the management is outsourced to a local fund manager. All these vehicles have in common that Bouwinvest has less influence through engagement (to differentiating degree) than for direct real estate. With international investments, Bouwinvest strives to play a role in investee boards and investment (advisory) committees of these entities to enable it to exert influence. Bouwinvest's engagement activities for unlisted investments will focus on engagement with fund managers through Bouwinvest invests.

For listed real estate investments, we engage with the companies in our portfolio on specific ESG-themes through our investment managers. We monitor and challenge our investment managers to ensure that our ESG-policies and the investment managers policies and implementation are aligned. If ESG intentions between investment managers and Bouwinvest diverge, we will initiate a proactive dialogue.

On a yearly basis, Bouwinvest evaluates the effectiveness of its engagement activities. Based on this evaluation, appropriate actions will be taken regarding policies and/or manager relations.

More information can be found in our Stewardship & Engagement Statement on our website ([link](#)).

5. Reference to international standards

- Bouwinvest's responsible investment approach is based on a broad range of international treaties, conventions and best practice guidelines, including the UN Global Compact, UN Guiding Principles on Business & Human Rights and the OECD Guidelines. Bouwinvest considers companies who structural violate the Global Compact not eligible as tenant.
- Bouwinvest became a signatory of the UN Principles for Responsible Investment (UN PRI) in 2018 and as a signatory we abide by all of the requirements and expectations. In the most recent UN PRI assessment, Bouwinvest achieved a 5-star rating (96 points) for the Direct - Real estate module. Furthermore, Bouwinvest obtained a 4-star rating (80 points) on the Policy Governance and Strategy module and a 3-star rating (58 points) on the Direct - Listed equity – other module.
- We are in the process of having a clear view on the relevance of climate related risks and the measures required to adapt to climate change. We have set a target for our portfolios to achieve net-zero carbon by 2045 to be in line with the goals of the Paris Agreement.
- We participate annually in GRESB, the global ESG benchmark for real estate funds and listed companies. The benchmark awards 1 to 5 stars for performance relative to all participant scores. In 2023 83% of Bouwinvest's investments have been awarded with a 4- or 5-star GRESB rating and is part of the top 40% worldwide.
- Bouwinvest is member, participant or signatory to a number of reputable industry organisations in which we share know-how and collaborate on various industry initiatives, such as IVBN, ANREV, INREV and DGBC.

6. Historical comparison

In this paragraph, we elaborate on the historical comparison of the last three years, since this is the period over which a historical comparison is possible yet. In the future, we will elaborate on the last five years.

Adverse sustainability indicators applicable to investments in real estate assets		Metric	Impact 2023	Impact 2022	Impact 2021
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	None	None	None
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	4% (label C or lower)	3% (label C or lower)	17% (label C or lower)

Indicators applicable to investments in real estate assets		Metric	Impact 2023	Impact 2022	Impact 2021
GHG	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets	2.710	6.324	6,330

		Scope 2 GHG emissions generated by real estate assets	30.816	49.075	34,857
		Scope 3 GHG emissions generated by real estate assets	62.922	96.125	90,943
		Total GHG emissions (scope 1 2 and 3) generated by real estate assets in tonnes CO2-eq	96.448	151.525	132,130
Energy consumption	19. Energy consumption intensity	Energy intensity in kWh of owned real estate assets per square meter	170	162	164

7. Additional information

More information on Bouwinvest's strategy and ESG approach can be found on www.bouwinvest.com.