



EU SUSTAINABLE FINANCE DISCLOSURE REGULATION

EDMOND DE ROTHSCHILD REIM

This disclosure refers to all EdR REIM entities except EdR REIM (France), for which the applicable disclosure can be found at the following link: <https://www.reim-edr.fr/en/edr-reim-france>

ARTICLE 3: SUSTAINABILITY RISKS IN INVESTMENT DECISION MAKING

The information below regarding the policies of Edmond De Rothschild Real Estate Investment Management (EDR REIM) on the integration of “sustainability risks” in its investment decision-making process is provided in accordance with Article 3(1) of the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) (“SFDR”).

Identifying environmental, social and governance (ESG) related risks and opportunities is an integral part of EDR REIM’s due diligence process. ESG risks are defined as “materially negative impacts resulting from environmental, social or governance events or conditions that could cause actual or potential material negative impact on the value of the investment. These can be generated as a result of changing regulatory and stakeholder requirements in addition to physical, social, and transitional climate related issues”.

EDR REIM maintains a Sustainability Policy which further details EDR REIM’s consideration of sustainability risks in the decision-making process. EDR REIM’s evaluation of investment opportunities will always include the identification and assessment of relevant ESG-related risks. In order to assist the relevant Investment Team with its ESG risk assessment in the pre-investment stage, EDR REIM has put in place an ESG due diligence checklist. The use of this is mandatory for each investment proposal. The checklist acts as a risk scoping tool – identifying both physical climate change and transition risks. This guides the Investment Team as they design their approach to the ESG risk assessment during the pre-investment stage.

Further, external or internal specialists will be instructed to perform enhanced ESG due diligence on potential target investments, where appropriate. EDR REIM anticipates that in due course external or internal specialists will be used in relation to all proposed investments which are to be considered by its Investment Committee.

A mandatory ESG risk-screening and summary assessment of ESG factors relevant to an investment, including financial and non-financial information, are mandatory aspects of the detailed presentation made to the Investment Committee by EDR REIM at its determination. These considerations enable the Investment Committee to properly assess the ESG risk factors by EDR REIM determining whether to recommend an investment.

When deciding as to whether to recommend a prospective investment, the Investment Committee will take into account, alongside other considerations, information on ESG factors presented. If the Investment Committee concludes that the ESG-related risks associated with a target asset are too high and/or cannot be appropriately mitigated, EDR REIM will elect not to pursue the investment opportunity.

EDR REIM's approach and objectives are integrated in their Environmental Management System (EMS), which is aligned to ISO 14001. Our Environmental Management System ensures sustainability risks and opportunities are identified, managed, and mitigated at both corporate and asset level, and throughout each stage of the ownership cycle.

Further information on EDR REIM Partnerships ESG Strategy can be requested via Contacts-Edmond de Rothschild (reim-edr.com).

Specific information regarding the policies of Edmond De Rothschild REIM (France) SAS on the integration of "sustainability risks" in its investment decision-making process is provided in accordance with Article 3(1) of the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) ("SFDR") on the following link (Edmond de Rothschild REIM (France) (reim-edr.fr)).

ARTICLE 4: PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS STATEMENT

SUMMARY

Edmond de Rothschild Real Estate Investment Management (“EDR REIM”) believes that the incorporation of sustainability performance into both long-term strategies and day-to-day operational management has the potential to enhance risk-adjusted returns and strengthen the investment process.

EDR REIM considers the Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors within the meaning prescribed by the EU Sustainable Finance Disclosure Regulation (2019/2088) (SFDR).

EDR REIM has published here, in accordance with its obligations under Article 4 of the draft Regulatory Technical Standards (“RTS”), an adverse sustainability impacts statement in the format prescribed by the RTS.

DESCRIPTION OF PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS

As a general firm-wide policy, as part of the firm’s due diligence process, all potential investments are evaluated based on the short-, medium-, and long-term effects across various Sustainability Factors and are formally assessed under specified Responsible Investment criteria. This assessment identifies how Sustainability Risks may impact the financial returns of an investment and identifies PAIs on relevant Sustainability Factors. Sustainability Risks could arise at any stage of the real estate investment lifecycle including acquisition, ownership, renovation and construction, and disposal. To mitigate these risks, EDR REIM monitor to identify and manage the impact of any PAIs, or their risk of occurring, and take suitable action. As with Sustainability Risks, PAIs on Sustainability Factors are screened, monitored and measured at asset level and aggregated at entity level (i.e. EDR REIM). These indicators will be included in the firm’s PAI statement for the first reference period (i.e. the calendar year 2022).

The firm is taking necessary preparations to gather, monitor and report the mandatory principal adverse impact indicators. Indicators will be gathered at portfolio level and aggregated at entity level (i.e., EDR REIM).

In line with the regulatory timeline (30 June each year), we will review the PAI metrics we report on to be consistent with the requirements under the RTS, which sets out the proposed content, methodologies and presentation of sustainability-related disclosures under the relevant Articles of Regulation (EU) 2019/2088 known as the Sustainable Finance Disclosure Regulation (SFDR).

Description of policies to identify and prioritise adverse sustainability impacts

The EDR REIM ESG approach, led by our ESG Committee, is supported by an Environmental Management System (“EMS”) aligned to ISO 14001 (certified within the UK). This approach aims to identify, monitor and incorporate Sustainability Risks and opportunities into investment selection, retention and realisation. The EMS contains a set of guidance documents to support our real estate investment team carry out our sustainability initiatives across all investment activities.

The EMS additionally includes a materiality assessment to ensure the identification and prioritisation of key material risks and opportunities arising from our significant sustainability aspects. Assessing materiality helps us prioritise issues and focus efforts according to their importance to the business and stakeholders. A comprehensive risk register sets out and scores these risks in terms of high, medium or low – alongside associated actions to mitigate

risks. Our ESG Policy, sets out our sustainability commitments, including how we integrate sustainability risks into our investment management processes.

We seek continual improvement to sustainability credentials at asset-level, using detailed ESG Action Plans throughout the asset hold period.

ENGAGEMENT POLICIES

Our key stakeholders include investors, service providers, occupiers and local communities. We actively manage our portfolios of real estate investments with regular and ongoing engagement with stakeholders to ensure we understand their needs to manage sustainability risks and opportunities and to support long term profitability.

Through our engagement initiatives and to support our investment management approach, we seek to, amongst other outcomes, mitigate the adverse sustainability impacts identified above as follows:

Occupiers/Tenants: As real estate investors, occupiers are our customers and we strive for good relationships with tenants to support their occupation. We seek to understand and support their needs. We conduct regular engagement activities including: tenant surveys, one-on-one meetings and regular communications. We seek to include green clauses in leases to support data collation and sound environmental practices.

Service providers: Key real estate asset management activities involve property management, construction and refurbishment which are supported by third-party service providers. Our asset management team has regular engagement with property managers to ensure the portfolio assets are managed appropriately to the satisfaction of the occupiers and in accordance with the lease terms. Our EMS contains a Supplier ESG Code of Conduct which stipulates requirements for suppliers (enhanced requirements with KPIs for suppliers over a certain threshold value of service rendered). Adherence to this is monitored routinely.

Communities: We work to ensure good engagement with communities in relation to our asset strategies. This includes ensuring that planning requirements and building regulations are met, or exceeded where appropriate, and seek to develop good relationships with the communities using and benefitting from our buildings in their locality.

Investors: We have regular engagement with our investors to ensure that we understand and meet their investment requirements. We provide regular reporting and include in annual reports, sustainability information on EDR REIMs' principles, progress across sustainability initiatives, including compliance, and environmental metrics.

References to international standards

EDR REIM (UK) has been a signatory of the PRI since 2020.

Global ESG Benchmark for Real Asset (GRESB)

Several funds participate annually in GRESB, the global ESG benchmark for real estate entities.

Industry Collaboration

EDR REIM encourages membership and participation to a number of reputable industry organisations in which we share know-how and collaborate on various industry initiatives. Looking ahead, we plan to continue on our path towards strengthening our ESG approach in line with the objectives and targets set out in our ESG Framework, in the specific ESG roadmaps developed for the fund and in this statement.

Specific information regarding the policies of Edmond De Rothschild REIM (France) SAS on its obligations under Article 4 of the draft Regulatory Technical Standards is provided on the following link (Edmond de Rothschild REIM (France) (reim-edr.fr))

ARTICLE 5: REMUNERATION POLICIES IN RELATION TO SUSTAINABILITY RISK

The information below regarding how the remuneration policies of Edmond de Rothschild Real Estate Investment Management (“EDR REIM”), are consistent with the integration of “sustainability risks” in its investment decision-making process is provided in accordance with Article 5(1) of the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) (“SFDR”).

A “Sustainability Risk” as defined in Article 2(22) of the Regulation is: “an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment”.

Sustainability Risks include (but are not limited to) the following:

- ▶ environmental risks such as the impacts of environmental events such as increased flooding risks; and,
- ▶ social risks such as impact of non-compliance with anti-slavery or working conditions laws and regulations.

REMUNERATION AND SUSTAINABILITY RISKS

EDR REIM does not currently have a remuneration policy that is consistent with the integration of sustainability risks, except to the extent described below. Among other forms of remuneration that are provided on a fixed basis, the firm awards employees variable discretionary bonuses on an annual basis. Remuneration levels are justified according to the performance of the individual concerned. The total amount of variable remuneration is based on a combination of the assessment of the performance of the employee and the overall results of the product (where relevant), as well as the conduct of the employee under any relevant internal procedures, policies and compliance requirements (which may, to the extent applicable, include factors relating to Sustainability Risks). This will be reviewed as appropriate on a regular basis.

EDR REIM sets out for its salary model to be fair, comprehensible, motivating and aligned. Our focus in 2022 remains to bring our existing salary model further in line with the integration of sustainability risk, and we are reviewing approaches to this in 2022.

Specific information regarding how the remuneration policies of Edmond De Rothschild REIM (France) SAS are consistent with the integration of “sustainability risks” in its investment decision-making process is provided in accordance with Article 5(1) of the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) on the following link (Edmond de Rothschild REIM (France) (reim-edr.fr)).