ENVIRONMENTAL, SOCIAL & GOVERNANCE POLICY

Introduction

Investing in Luxembourg real estate presents unique environmental, social, and governance (ESG) considerations. Real estate investments are typically long-term, allowing more time for ESG issues to manifest and impact investors, the environment, and society. Furthermore, ESG issues in real estate often emerge at the local level, such as extreme weather, water stress, legislative requirements, and community relations. Given the intrinsic link between direct real estate investments and specific geographic locations, it is crucial to incorporate ESG factors into the investment process of the Sub-Fund LLC II. This policy outlines the steps which have been followed to integrate ESG considerations into the real estate investment activities of the Sub-Fund LLC II.

Real estate is today at the heart of the ecological and social consideration: construction sector appears to be the 2nd largest emitter sector of greenhouse gases, the artificialisation rate is widely discussed when biodiversity stand at a pathway for the future generation.

Coping with one of the strongest economic (GDP +114% over the last 25 years) and demographic (+49% inhabitants since 2000) growth of the European Union, the Grand-Duchy of Luxembourg is developing at a strong pace and must bear sustainably the arrivals of new companies and new inhabitants. Over the last twenty years, over 2 million square meters of new offices have been delivered to the market. The yearly need for new residential units is estimated at over 5,000 units. Thus, the environmental and social impact of the real estate sector in Luxembourg is key to (i) supporting the growth and development of the country and (ii) limiting and optimising its footprint on the natural frame.

The Sub-Fund LLC II aims to implement a value-add strategy that takes into account ESG considerations in its investment decisions as well as in the development of its portfolio. Notably, the value-add strategy may consist in investing in obsolete assets and renovating them, which would create both financial and extra-financial value.

Within this framework, the Sub-Fund LLC II complies with Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR) as an Article 8 fund that promotes, among other characteristics, a combination of environmental and social characteristics. The Sub-Fund LLC II only invests in real estate assets. There is no investment in any investee company.

This policy document outlines the approach of the Sub-Fund LLC II to integrate environmental, social, and governance (ESG) factors within its corporate and investment risk management framework. It serves as a standard for our real estate strategy, specifically focused on our investments in Luxembourg. The policy is regularly reviewed by our Alternative Investment Fund Manager (AIFM) and the General Partner to ensure its relevance and alignment with changing circumstances and industry best practices.

As an investment fund operating in compliance with the SFDR, this policy document provides the necessary information regarding our approach to integrating ESG factors, including sustainability risks, into our investment decision-making process. Sustainability risks refer to ESG events or conditions that, if they occur, could potentially have a material negative impact on the value of our investments. Please see Appendix II of this policy in this respect. Additionally, sustainability factors encompass environmental, social, and governance matters such as employee considerations, human rights, anti-corruption, and anti-bribery issues.

It is important to note that throughout this ESG policy, any reference to "ESG risks" and "ESG factors" is equivalent to "sustainability risks" and "sustainability factors" as defined in the SFDR.

We are committed to integrating ESG considerations and sustainability risks into our investment decision-making processes. By doing so, we aim to enhance the overall value and long-term sustainability of your investments while promoting responsible and ethical practices within the real estate sector in Luxembourg.

Our ESG policy is designed to align with relevant industry standards and guidelines, reflecting our commitment to responsible and sustainable investment practices. The policy is based on several key principles, which guide our decision-making processes and governance approach:

ENVIRONMENTAL OBJECTIVES IN THE REAL ESTATE STRATEGIES OF THE SUB-FUND LLC II:

The Sub-Fund LLC II recognizes that the Real Estate sector is a key catalyst to improve both the quality of life and efficiency of buildings and urban areas: the optimization of buildings and projects in symbiosis with their environmental areas will help in aligning the Real Estate sector practices with the requirements of Sustainable Development Goal 11 (Sustainable Cities and Communities).

Following a value-added strategy, the Sub-Fund LLC II is clearly aware of this fact and shall consider environmental issues in the selection of its investments as well as in its holding policy (the goal of this list is to give examples of what can be implemented):

- By selecting assets whose environmental footprint can be improved through various ways (energy efficiency, change of HVAC material, insulation measures, education of tenants for energy consumption and waste management…)
- By favouring non-fossil sources of energy for its buildings or projects
- By taking into account vegetal areas/integrations in urbanization/construction projects
- By selecting suppliers and materials environment-friendly
- By assessing the reusing of materials and renovation vs. new materials/reconstruction
- By working to extend the life-span of all material and technics in its buildings…

More specifically, the Sub-Fund LLC II may apply some ESG criteria, centred / focused on environmental issues, for the assessment of its investments. These criteria will be followed during the whole holding period with the objective to improve them through precise actions, notably through scorecards, which may be set up from the first assessment of this investment before its acquisition. Scorecards may be updated throughout the life of the asset to measure the improvement of the asset regarding its environmental impact.

It is worth noting that the Sub-Fund LLC II choses to report the following PAIs:

- Share of efficient / non-efficient buildings within the portfolio
- Share of assets exposed to fossil fuels
- Energy consumption of buildings
- % of vegetal areas within the portfolio

SOCIAL OBJECTIVES IN THE REAL ESTATE STRATEGIES OF THE SUB-FUND LLC II:

The Sub-Fund LLC II recognizes the importance of creating positive social impact and actively engaging with the communities where it operates. It strives to contribute to the well-being and development of the surrounding community through the following commitments:

Diversity and Inclusion:

We believe in the value of diversity and inclusion. We promote equal opportunities, foster a culture of respect, and prohibit any form of discrimination within our organization. We aim to cultivate a diverse workforce and encourage diversity and inclusion initiatives in our property management and operations.

Cancer@work signatory

As part of our commitment to social and governance principles, we actively support initiatives that promote social impact and the well-being of individuals. We are proud to share that the managers of the General Partner of our fund are signatories of the esteemed association, Cancer@Work (https://www.canceratwork.com/). This affiliation underlines our dedication to fostering a supportive and inclusive work environment.

The Cancer at Work Association is a renowned organization that focuses on addressing the challenges faced by individuals affected by cancer and chronic illness in the workplace. By joining this association, the managers of our GP demonstrate their commitment to supporting employees who are navigating the complexities of cancer and chronic illness, highlighting our shared values and mission.

Through our association with Cancer at Work, we aim to achieve the following objectives:

Employee Support: We recognize the physical, emotional, and practical difficulties faced by individuals diagnosed with cancer. By aligning with Cancer at Work, we gain access to valuable resources, tools, and guidance that enable us to support our employees who are either directly or indirectly impacted by cancer.

Awareness and Education: We strive to create a culture of awareness and understanding surrounding cancer and its impact on the workplace. Through educational initiatives, we aim to promote open dialogues, combat stigma, and foster an inclusive environment where employees affected by cancer feel supported and empowered.

Collaboration and Advocacy: We actively engage in collaboration and advocacy efforts with Cancer at Work and other stakeholders to drive positive change in the broader community. We support initiatives that promote equal opportunities, non-discrimination, and access to quality care for individuals affected by cancer.

Cancer@Work

By aligning with Cancer at Work, we reinforce our commitment to social impact, employee well-being, and fostering an inclusive workplace culture.

<u>Occupational Health and Safety:</u>

Occupational health and safety are paramount to us, and we are committed to ensuring the well-being of building occupants and workers throughout our operations. To promote a safe and healthy environment, we adhere to the following principles:

- Safety of Building Occupants and Workers:
  During construction or renovation projects, we prioritize the safety and well-being of both building occupants and workers. We strictly adhere to applicable health and safety regulations and standards. Robust safety protocols, risk assessments, and ongoing monitoring are implemented to mitigate potential hazards and maintain a secure working environment.

- Enhanced Indoor Air Quality and Occupant Comfort:
  We recognize the importance of indoor air quality for the health and well-being of building occupants. We strive to maintain optimal air quality through effective ventilation systems, filtration measures, and the use of low-emission building materials. Additionally, we prioritize ergonomic design and occupant comfort by considering factors such as lighting, acoustics, and ergonomic furnishings.

<u>Governance and Ethical Practices:</u>

We are committed to maintaining high standards of corporate governance, ethical practices, and transparency. By upholding strong principles of governance and ethics, we strive to operate responsibly and inspire trust among stakeholders. The following are key elements of our approach:

Transparent Reporting and Accountability:
We maintain a culture of transparency and accountability by providing clear and comprehensive reporting on our ESG practices and performance. Through regular disclosures and communications, we keep investors, tenants, and stakeholders informed about our sustainability initiatives, progress, and challenges.

Ethical Business Practices:
We adhere to ethical business practices and promote integrity throughout our operations. This includes adopting measures to prevent corruption, bribery, and unethical conduct. We conduct due diligence on our supply chain to ensure responsible sourcing and avoid partnerships with entities that do not align with our ethical standards.

GOVERNANCE AND ETHICAL PRACTICES IN THE REAL ESTATE STRATEGIES OF THE SUB-FUND LLC II:

Within the Sub-Fund LLC II, we recognize the importance of strong governance practices to ensure the integrity and ethical alignment of our investments. We are committed to upholding the highest standards of transparency, accountability, and honesty in our approach. Within our governance framework, we emphasize the following principles:

1. Avoiding Companies with Dishonest ESG Practices:

To maintain our integrity and ethical standards, we are dedicated to excluding real estate assets associated with companies that have been found to engage in dishonest practices regarding their ESG commitments. We conduct thorough due diligence to assess the ESG practices and track records of potential investments. This helps us identify and avoid companies that have misrepresented or cheated in their reporting, ensuring that our investments align with our desired ethical standards. By avoiding such companies and related real estate assets, we mitigate reputational risks and maintain the credibility of our investments. The ESG Exclusion List is in Appendix I of this policy.

2. Control and Reporting Advantages in Real Estate:

Real estate investments provide unique advantages and challenges compared to equities and corporate fixed-income investments. One significant advantage is that as real estate investors, we often have majority or outright ownership of the properties we invest in. This grants us greater control over defining, applying, and reporting ESG data.

With this advantage, we are committed to:
a) *Comprehensive and Customized Reporting*: We leverage our control over real estate assets to provide more comprehensive and customized ESG reporting beyond existing industry standards. This means going beyond basic ESG metrics and disclosing detailed information about the environmental,

social, and governance aspects of our properties. We aim to offer our investors and stakeholders a holistic view of the ESG performance of our real estate portfolio.

b) *Enhanced Data Quality*: Through our direct ownership, we have better access to property-level data, allowing us to ensure the accuracy and reliability of ESG information. We employ robust data collection and management systems to capture relevant ESG data, enabling us to make informed decisions and report accurate information to our stakeholders.

c) *Proactive ESG Management*: With our control over real estate assets, we proactively manage ESG factors throughout the lifecycle of our investments. This includes implementing ESG improvement plans, monitoring performance, and implementing corrective actions where necessary. Our ability to directly influence and manage ESG practices within our real estate holdings strengthens our commitment to sustainable and responsible investment practices.

3. <u>Prohibition of Contributions to Political Parties or Candidates</u>

We are committed to upholding the highest standards of integrity, transparency, and responsible governance. As part of our policy, we strictly prohibit any contributions to political parties or political candidates, particularly in cases where such contributions may give rise to conflicts of interest. This commitment ensures that our investment decisions remain free from undue influence and maintain the highest level of independence.

Our approach includes the following key principles:

Independence and Impartiality: We firmly believe in maintaining independence and impartiality in our investment activities. By refraining from contributions to political parties or candidates, we avoid potential conflicts of interest that could compromise the integrity and objectivity of our decision-making processes.

Ethical Decision-Making: We prioritize ethical considerations in all aspects of our operations. By prohibiting political contributions, we ensure that our investments are based solely on sound financial analysis, thorough due diligence, and alignment with our ESG principles. This ensures that our decisions are not influenced by political affiliations or agendas.

Transparency and Accountability: We value transparency and accountability as essential pillars of responsible governance. By abstaining from political contributions, we maintain the transparency of our investment process and protect the interests of our investors. We take pride in providing clear and comprehensive reporting, ensuring that our stakeholders have visibility into our investment activities without any potential bias from political engagements.

Compliance with Regulations: We adhere to all applicable laws, regulations, and guidelines related to political contributions. We continuously monitor and assess legal requirements to ensure full compliance and mitigate any potential legal and reputational risks associated with political involvement.

By strictly prohibiting contributions to political parties or candidates, we uphold the principles of integrity, fairness, and independence. This approach ensures that our investments in real estate commercial assets in Luxembourg are based on objective analysis, sustainable practices, and the best interests of our investors.

4. <u>Compliance with Laws and Prevention of Extortion, Bribery, and Financial Crime</u>

We prioritize ethical conduct, integrity, and the prevention of extortion, bribery, and financial crime. We maintain a robust policy that ensures compliance with all applicable laws and promotes international best practices in this regard.

Our approach encompasses the following key elements:

Adherence to Applicable Laws: We strictly adhere to all relevant laws, regulations, and guidelines related to anti-extortion, anti-bribery, and anti-financial crime measures. We continuously monitor and stay up-to-date with changes in legal frameworks to ensure full compliance with the law in Luxembourg and other jurisdictions where we operate.

Robust Internal Controls: We have implemented robust internal controls and risk management systems to prevent and detect any attempts at extortion, bribery, or financial crime within our operations. These controls are regularly reviewed and enhanced to ensure their effectiveness and alignment with evolving industry standards and regulatory requirements.

Due Diligence: We conduct thorough due diligence on our business partners, suppliers, and other stakeholders to ensure their commitment to ethical business practices and to mitigate the risk of involvement in extortion, bribery, or financial crime. We prioritize transparency, integrity, and reputation when selecting and maintaining business relationships.

Training and Awareness: We provide comprehensive training and awareness programs to our employees and managers to foster a culture of compliance and ethical conduct. These programs cover topics such as anti-extortion, anti-bribery, and anti-financial crime measures, as well as reporting mechanisms and whistleblowing procedures.

Reporting and Investigation: We maintain a robust reporting and investigation mechanism that encourages employees and stakeholders to report any suspected or actual instances of extortion, bribery, or financial crime. We ensure that all reports are handled confidentially and thoroughly investigated, with appropriate actions taken to address any substantiated concerns.

By complying with all applicable laws and promoting best practices in preventing extortion, bribery, and financial crime, we demonstrate our commitment to maintaining the highest standards of ethical conduct, transparency, and accountability. This approach strengthens our ESG framework, fosters trust among our stakeholders, and contributes to the overall sustainability and integrity of our fund and its investments in real estate commercial assets in Luxembourg.

By emphasizing strong governance practices, including avoiding companies with dishonest ESG practices and leveraging the control and reporting advantages of real estate investments, we uphold the highest ethical standards and strive to provide transparent and reliable ESG information to our investors and stakeholders. These principles contribute to our commitment to sustainable and responsible investment practices in the real estate sector.

Certain elements of the ESG Exclusion List in Appendix I of this policy also focus on complying with applicable laws and preventing extortion, bribery, and financial crime.

ESG INVESTMENT DECISION-MAKING PROCESS

Deal Sourcing:

During the deal sourcing stage, Sub-Fund LLC II will identify and assess the material ESG issues as further developed in, and in accordance with, this policy. This includes conducting screening to rule out deals with significant ESG risks that could pose financial or reputational harm. Factors such as regulatory fines, uncertain remediation costs for contaminated land, and the presence of tenants involved in activities inconsistent with the ESG principles of the Sub-Fund LLC II will be evaluated. It is essential to convey to vendors that ESG considerations are a priority for our sub-fund from the outset.

Investment Decision:

Material ESG issues identified during the deal sourcing stage will be communicated to the investment committee, and their impact on valuation will be evaluated. The investment memorandum will include a comprehensive analysis of ESG risks, mitigation strategies, associated costs, and assumptions derived from due diligence, which may be translated into internal ESG assessment material such as scorecards. If no significant ESG risks are identified, this will be explicitly stated to highlight that ESG factors were duly considered. A member of the responsible investment team or an ESG representative will have a seat on the investment committee, ensuring that any outstanding ESG issues are addressed and have a voice in the final investment decision.

The Sub-Fund LLC II applies the ESG Exclusion List in Appendix I of this policy during the deal sourcing process and the taking of investment decisions.

Ownership:

Throughout the ownership phase, the Sub-Fund LLC II will integrate ESG considerations into the management of the assets. This entails incorporating ESG issues into the asset's management strategy, engaging external property managers who share the commitment of the Sub-Fund LLC II to ESG, and cultivating positive relationships with tenants.

<u>ESG Management of the Asset:</u>

The Sub-Fund LLC II will adopt responsible investment approaches to create value in an ESG-compliant manner, focusing on the following:

1. *Reducing costs and liabilities:*
   - Installing energy-efficient equipment to lower operating costs.
   - Conducting thorough environmental assessments to mitigate litigation risks.
   - Staying ahead of regulatory requirements to minimize obsolescence risks.

2. *Increasing revenue:*
   - Attracting tenants with higher ESG performance, reducing the need for incentives.
   - Capitalizing on the demand for sustainable buildings with lower carbon footprints, potentially leading to higher rents and occupancy rates.
   - Exploring opportunities to sell on-site green energy to tenants or the local community.
   - Optimizing energy load profiles to be eligible for rebates from utilities and government authorities.

To ensure effective ESG management during the holding period, the Sub-Fund LLC II will establish appropriate systems, including:

1. Developing action plans for each asset to improve ESG performance.
2. Setting targets for the improvement of energy and utilities consumption and management.
3. Regularly monitoring and reporting on the asset's ESG performance.
4. Utilizing independent databases, third-party reports, and raw data to assess ESG factors.

<u>Certifications:</u>

The Sub-Fund LLC II will actively seek asset-level certifications (such as BREEAM, DGNB, Well, etc…) that demonstrate our commitment to ESG considerations. These certifications will serve as objective indicators of the building's green attributes and confirm that ESG factors have been incorporated into the design and/or operation. Certifications may include widely recognized standards and frameworks, such as net-zero carbon buildings, ensuring comprehensive coverage of both design and operational performance.

Consideration of Principal Adverse Impacts:

1. Objective:

The Sub-Fund LLC II is committed to mitigating the negative impacts of each investment decision on sustainability factors, referred to as Principal Adverse Impacts (PAIs). This section of the policy outlines the approach taken by the Sub-Fund LLC II to consider and address PAIs, specifically in relation to sustainable real estate investments.

2. Factors Influencing Consideration of PAIs:

The extent to which PAIs are considered in the investment process depends on various factors, including the type of asset being considered and the availability of reliable data. Given the specific constituents of the Sub-Fund LLC II, which primarily invests in real estate, it is often challenging to obtain necessary data from traditional information providers.

3. Minimum Requirements:

Where feasible and in line with the nature of the investments, the Sub-Fund LLC II sets forth minimum requirements that must be met for each investment. The PAIs considered should be one or more of the mandatory indicators listed in Annex 1 of the Commission Delegated Regulation 1288/2022 (RTS). These indicators serve as a framework for evaluating the sustainability performance of investments.

4. Additional Information and Disclosures

Further information regarding the PAIs considered by the Sub-Fund LLC II can be found on the fund's website disclosures. These disclosures are regularly updated to ensure transparency and provide investors with a comprehensive understanding of the sustainability aspects considered in the investment process. Additionally, the Sub-Fund LLC II's annual report, in accordance with Article 11(2) of the SFDR, will include specific disclosures related to the PAIs considered, offering a comprehensive overview of the fund's sustainability performance.

The consideration of PAIs by the Sub-Fund LLC II aims to ensure responsible and sustainable investment practices are upheld within the real estate sector. The Sub-Fund LLC II strives to mitigate negative sustainability impacts and contributes to the promotion of sustainable development.

APPENDIX I - ESG EXCLUSION LIST

E - Environmental

- No engagement in activities related to landfills or waste disposal methods that do not comply with sustainable waste management practices in accordance with Luxembourg laws and regulations.
- No involvement in oil drilling, hydraulic fracturing (fracking), or any activities associated with the extraction of petroleum and natural gas.
- No support for projects that involve or necessitate the destruction of critical habitats or forests, unless accompanied by a robust and credible sustainability plan in accordance with Luxembourg laws and regulations.
- No transactions that jeopardize, irreversibly alter, or substantially displace properties of cultural or historical significance in accordance with Luxembourg laws and regulations.

S - Social

- No engagement in the manufacturing or sale of illegal products or services according to applicable laws.
- No investments in casinos or similar establishments.
- No transactions associated with pornography or prostitution.

G – Corporate Governance

- No engagement with companies involved in significant legal violations, including fraud, corruption, money laundering, or other unlawful activities.
- No participation in forced labor and child labor as well as exclusion of projects related to companies internationally suspected to perform such practices.
- No association with companies linked to human rights abuses, including those related to discrimination or infringement on community rights.
- No engagement with companies associated with environmental harm, such as hazardous waste disposal.
- No association with companies violating or materially suspected to be violating international sanctions.

APPENDIX II - INTEGRATION OF SUSTAINABILITY RISKS AND MITIGATION EFFORTS

Within the Sub-Fund LLC II, we recognize the importance of sustainability risks in identifying investment opportunities, managing investment risks, and enhancing risk-adjusted returns for our shareholders. Sustainability risks refer to environmental, social, or governance events or conditions that, if they occur, could have a material negative impact on the value of investments.

We integrate sustainability risks into our investment decisions, considering their relevance and potential impact on the financial health of our investments within the context of the Sub-Fund LLC II's investment strategy. Our approach includes the following key considerations:

Assessment of Materiality: When evaluating ESG data for a particular investment, we assess the materiality of the information and its likely impact on the investment's financial health. We consider the relevance of sustainability risks in relation to our investment strategy, ensuring that the potential negative impacts are appropriately analysed and managed.

Climate Change Risk Analysis: We conduct thorough assessments of the potential impacts of climate change on the portfolio. This includes identifying both short and long-term risks and opportunities associated with real estate-linked investment opportunities. We recognize that transition risks may arise from regulatory uncertainties, changing market dynamics, and advancing technology, particularly in the context of the shift towards a lower-carbon economy.

Evolving Legal and Regulatory Framework: As the legal and regulatory framework governing sustainable finance and ESG is still under development, we remain attentive to the evolving landscape. We continuously monitor changes in regulations and industry best practices to ensure that our approach to managing sustainability risks remains aligned with expected legal and regulatory frameworks.

Fundamentals and Valuation Analysis: Sustainability risk analysis is integrated into our fundamental and valuation analysis before selecting an investment, where relevant. This ensures that we carefully consider sustainability risks alongside other financial and operational factors. If sustainability risks are deemed significant, we may choose to refrain from investing in certain real estate opportunities.

Mitigation Efforts: While we strive to mitigate sustainability risks, it is important to note that, due to the evolving nature of sustainability risk assessment, certain investments may still pose sustainability risks despite our screening efforts. Nevertheless, we commit to deploying our best efforts to mitigate sustainability risks while acting in the best interests of our shareholders.

By integrating sustainability risks into our investment decision-making process and actively working to mitigate these risks, we aim to enhance the long-term sustainability and value of our investments in real estate assets in Luxembourg. We continuously strive to align our practices with evolving industry standards, regulatory requirements, and shareholder expectations to achieve positive environmental, social, and governance outcomes.