



EDMOND
DE ROTHSCHILD

SUSTAINABILITY POLICY

EDMOND DE ROTHSCHILD REAL ESTATE SICAV
“ERRES”



EDMOND DE ROTHSCHILD, BOLD BUILDERS OF THE FUTURE.

OVERVIEW

The Edmond de Rothschild Real Estate SICAV Sustainability Policy describes the fund and its subfund's commitment to sustainability, including mitigating environmental impacts, addressing relevant social issues and maintaining sound governance (ESG) procedures.

OBJECTIVE

The objective of this policy is to affirm commitment to achieving long term sustainable outcomes in the operation of ERRES-S and ERRES-CI. The policy describes the overall intentions and direction of ERRES related to environmental and social performance. It provides a framework for the setting of its sustainability objectives and targets at fund level.

SCOPE

This policy covers the operations and activities of:

- Edmond de Rothschild Real Estate SICAV - Swiss (ERRES-SWISS)
- Edmond de Rothschild Real Estate SICAV - Commercial Income (ERRES-CI)

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2

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ERRES POLICY

INTRODUCTION

Sustainability encompasses a broad range of issues that may of themselves, or in combination, have a material impact on the risk/return characteristics of our investments. Our goal is to adopt a policy aimed at embedding a culture of sustainability throughout our operations and activities.

POLICY SCOPE

This policy applies to the commercial operations of ERRES-SWISS and ERRES-CI.

POLICY PRINCIPLES

ERRES is committed to achieving long term sustainable outcomes through responsible investment activities, across our supply chain and in the communities in which we operate. The sustainability framework addresses environmental, social and governance issues, in order to:

- Enhance value and minimise risk.
- Perform in line with global best practice.
- Develop our employees' and partners' sustainability knowledge so they can be advocates, and,
- Foster a culture which embraces sustainability as a genuine core value.

These above-mentioned principles are managed and communicated through three pillars that are the foundations of our work:

- **Improve the performance of existing stock:** overall CO2 emission reduction targets cannot be achieved by new builds alone. Significant action is necessary to improve the performance of existing buildings in a number of areas.
- **Place users at the heart of our approach:** the value of assets is greatly driven by their attractiveness to tenants and buyers. We set environmental and social standards at levels that meet users' expectations in terms of functionality, well-being and pricing.
- **Act with commitment and engagement:** Real estate is a local and people's oriented business activity. The concrete implementation of the sustainability policy requires a strong drive to manage the projects, find the right solutions and ensure that the set targets are achieved in the operations of the properties.

POLICY OBJECTIVES

The Board of Directors has drawn up a sustainability policy for the Sub-Funds, setting objectives covering the various environmental, societal and governance issues, with a long-term vision but with short- and medium-term milestones.

POLICY IMPLEMENTATION

The sustainable investment policy is implemented through the ESG Integration and Exclusions sustainable approaches.

The ESG Integration sustainable approach, followed by the Investment Manager, consists of systematically including sustainability issues throughout the decision-making process (financial analysis, investment decision) and management (acquisition of existing properties, operational management, renovation and demolition, planning and development of construction projects) based on systematic processes and appropriate research sources.

This approach is implemented at portfolio level as well as at asset level.

Implementation of ESG Integration approach at portfolio level consists of:

- Collecting data
- Providing reporting (AMAS indicators, sustainability report etc...)
- Participating in benchmark

Implementation of ESG Integration approach at asset level consists of:

- At acquisition, defining the ESG profile of the asset in the Investment report and the ESG checklist
- If applicable, performing an in-depth analysis of the ESG profile of the asset with a CECEB, CECEB +
- If applicable, determining the net zero carbon pathway
- Based on the defined ESG profile, fixing a sustainability strategy as well as a priority level for each asset
- Building up a ten-year plan for each asset, integrating CAPEX and ESG actions plans.
- Integrating the CAPEX plan in the independent valuations

The sustainable approach to exclusion consists in setting up systematic criteria for the admission of tenants (e.g. checking commercial tenants, prior to contract conclusion and at lease renewal, as to whether they belong to non-compliant sectors). Zero tolerance applies to exclusion criteria.

The exclusion list is based on the following principles:

- Exclusion of certain types of tenants
- Exclusion of activities or practices contrary to regulations or certain standards
- Exclusion of activities whose values are incompatible with ERRES-SWISS and ERRES-CI' s approach to sustainability.

OBJECTIVES AND KEY INDICATORS

GLOBAL OBJECTIVES

Gathering reliable, objective data is one of the central points of the sustainability policy.

OBJECTIVE	KPI
For energy, water and waste, improve data collection coverage to 100% by 2025, where landlord has control	Coverage and quality of data for: <ul style="list-style-type: none"> - CO2 - Energy consumption - Electricity - Water
For energy and water improve data quality through AMR (Automatic meter reading) by 2030, where landlord has control	% of assets incorporating AMR opportunities for energy and water
Ensure data is collected for the calculation of AMAS sustainability indicators and for the purpose of the various benchmarks, in which ERRES participates (SSREI, GRESB etc)	Coverage and quality of data for: <ul style="list-style-type: none"> - CO2 - Energy consumption - Electricity - Water Result of controls of data provided by Signa-Terre Result of controls on AMAS indicator calculation
Include AMAS sustainability indicators in the annual report and obtain limited assurance from the auditors	Yes/No
Participation in benchmarks, such as SSREI, GRESB etc	Yes/No + rating obtained

ENVIRONMENTAL OBJECTIVES (E)

We acknowledge that our operations have both a direct and indirect impact upon the environment. We are committed to pollution prevention, protection of the environment, compliance with all relevant legal obligations and integrating sustainability and climate risks into all processes and stages of the investment life cycle.

Energy & Climate

We understand and acknowledge the reality of human-induced climate change and we are taking strong action to de-carbonise and adapt our real estate portfolio. This means highly efficient buildings, running on renewable energy. We recognise that we need to adapt to the impacts of climate change. We will implement climate resilience measures to protect our customers and our investors from climate extremes.

OBJECTIVE	KPI
Average portfolio CO2 emissions < 15kg/co2/m2 by 2030*	Calculation of CO2 emissions Evolution of CO2 emissions from one fiscal year to another
Net CO2 emissions of 0 kg/co2/m2 by 2050*	Calculation of net CO2 emissions Evolution of net CO2 emissions from one fiscal year to another
Reach maximum energy consumption of 80 kWh/m2 per year	Calculation of energy emissions
> 60% renewable energy sources by 2040	% of renewable energy sources
Solar panel installations on all commercial building roofs, where technically feasible and financially viable	% of commercial assets equipped with solar photovoltaic installations
Install energy optimization devices across all assets by 2025.	% of assets equipped with optimization devices

Understanding the risks of holding stranded assets by 2025 and implement concrete actions to improve sustainability of these assets	Number of stranded assets % of CRREM analysis % of concrete actions to improve sustainability of stranded assets
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*Scope 1 and Scope 2

Water Efficiency

We, as well as our building users, will improve water efficiency by reducing wastage and harvesting or reusing water where practical.

OBJECTIVE	KPI
Implement minimum water efficiency standards from 2030	% of tenants having participated to the tenant survey % of tenants having participated to SIG ECO 21 actions (or similar actions) % of leases with green clauses
Perform climate change scenario analysis across 100% portfolio to understand assets that will experience future water-stress, by 2027, to increase understanding of where initiatives need to be directed.	Yes/No

Waste Management

We recognise our role in reducing the waste generated by our building users. We will implement where possible, waste management infrastructure, work to reduce the volume of waste we send to landfill and increase the proportion that is recycled or composted. We will work with our tenants and suppliers to phase out single-use plastic and move to compostable packaging wherever possible. We aspire to support the creation of a 'circular economy'.

OBJECTIVE	KPI
Improve absolute tenant data collection coverage (waste)	Coverage and quality of data for waste
Divert waste from landfill by 2030 (at managed sites, where we have control)	% of assets incorporating waste initiatives Source : 10 years CAPEX plan in Immodata pro by Signaterre

Biodiversity & Habitat

We will use native and locally adapted plants in our landscaping to create habitats and support local biodiversity.

OBJECTIVE	KPI
Create a biodiversity strategy for applicable sites (construction sites, large building complexes etc...), with significant land, by end of 2025 to identify opportunities for habitat creation & biodiversity improvement such as native plants and beehives.	Is there a biodiversity strategy ? - Yes/No Construction / renovation: Construction charter with biodiversity Yes/No % of assets with bio-diversity initiatives

SOCIETY OBJECTIVES (S)

Sustainability is a core part of our business culture and a central pillar of our business strategy. We will educate and enable our stakeholders about how we can work together to achieve our sustainability goals.

Stakeholder Engagement

Meaningful engagement with our stakeholders on key issues to help build an inclusive, sustainable society.

OBJECTIVE	KPI
Sustainability engagement with all tenants via a tenant satisfaction survey every two years, as a minimum. Provide access to sustainability policy for all existing and prospective tenants upon request.	% of tenants having participated to the tenant survey
Sustainability engagement with residential tenants via educative actions (eco manners) every five years, as a minimum. Provide access to sustainability manuals explaining their role and leverage in reducing energy consumption.	% of tenants having participated to the tenant survey % of tenants having participated to SIG ECO 21 actions (or similar actions).
By 2024, 100% of new commercial leases to incorporate green clauses.	% of leases with green clauses
Consideration to be given to green leases clause implementation at appropriate 'trigger' events for existing tenants e.g., lease renewal.	% of leases with green clauses

Analyze the tenant's profile and respect the list of exclusions (Annex 1) when signing a new lease.	Results of control on exclusion list
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Health & Wellbeing

We will work to identify and effectively manage safety, physical and mental health to protect our tenants, and continually improve our processes. We will strive to provide the best indoor environmental conditions for our tenants to support their wellbeing.

OBJECTIVE	KPI
Ensure health and wellbeing of the tenant is taken into account by proposing assets of quality and paying attention to renovations, comfort, quality of materials, adequate ventilation, respecting a construction charter, constructions materials etc..	<p>% improvement of the tenant survey's rating</p> <p>Number of corrective actions implemented following the tenant survey</p>

Transport & Mobility

We will implement best practice standards of accessibility. We encourage walking, running or cycling to and from our assets, and ensure people can find out how to get there using public transport. We will support the transition to non-polluting transport by providing, for example, charging points for electric vehicles.

OBJECTIVE	KPI
EV charging available at all appropriate sites by 2030.	<p>Total number of EV charging across portfolio versus total number of assets where EV charging is feasible</p> <p>Number of new EV charging per year versus total number of assets where EV charging is feasible</p>
Bicycle parking provision at all appropriate sites by 2030 & best practice end-of-trip facilities.	<p>Total number of cycle storage across portfolio versus total number of assets where cycle storage is feasible</p> <p>Number of new cycle storage per year versus total number of assets where cycle storage is feasible</p>

ETHICS AND GOVERNANCE OBJECTIVES (G)

We align with best practice Code of Ethics. We employ clear rules to encourage exemplary day-to-day behaviour and to enable innovation while managing risk in a stringent regulatory environment.

Policies & Processes

We will maintain a comprehensive set of policies and processes to identify and manage our governance, social and environmental risks during the acquisition, development and operation of our real estate assets. We will use wording in our lease agreements to encourage and partner with our tenants to help us both achieve our sustainability goals.

OBJECTIVE	KPI
Consider ESG factors at acquisition stage, utilising appropriate documentation and data gathering methods to inform decision-making	Acquisition ESG checklist - % of assets bought for which the ESG checklist has been used during the DD phase Number of CECB/CECB+ at acquisition / total number of new acquisitions
Where data is readily available at pre-acquisition, perform net zero carbon pathway modelling to better understand risk of stranding	Number of net zero carbon pathway performed
Comply with external and internal risk policies and maintain highest governance standards	Results of checks and controls within annual ERRES sustainability report
Report regularly to internal and external governance authorities	Yes/No

Supply Chain

We will implement processes to minimise ESG-related risks in our supply chain, consistently apply minimum sustainability performance standards and strive for best practice in our procurement with the aim of making all our assets free of, or safe from, hazardous materials and identifying and addressing the risk of human rights abuses including modern slavery.

OBJECTIVE	KPI
Implement property managers ESG Requirements and KPIs (if any)	ESG targets set during SARCS - Yes/No % of new contracts including ESG clauses with Property Managers Rating on sustainability (Property Manager rating)
Incorporate ESG factors in the selection of external property managers (if any)	% of new contracts including ESG clauses with Property Managers

Transparency & Reporting

We are committed to measuring and transparently disclosing our sustainability performance. We participate in third party rating systems to independently benchmark our sustainability performance and identify areas for improvement.

OBJECTIVE	KPI
Maintain & incrementally improve benchmark scores on an absolute and relative basis	Rating of benchmark Evolution year over year of rating
Labeling/certification of > 50% of buildings by 2040	% of building with labelling / certification

TRAINING

Training is required to improve knowledge on sustainability and provide adequate actions in order to improve sustainability of the assets.

OBJECTIVE	KPI
Ensure Board of directors and employees of the investment manager in charge of ERRES receive adequate ESG training	Number of training provided per year

CONCLUSION

ERRES’s sustainability policy serves as a foundation upon which we can achieve measurable ‘ESG’ impacts. By adopting a disciplined approach, we aim to achieve a more resilient, sustainable property portfolio, which we believe will ultimately enhance value and deliver better performance for our clients. Our focus is on embedding sustainable investing across every aspect of our activities, and across the entire life cycle of every property. We are committed to setting ambitious but practical targets to continually improve our performance and ensure independent measurement of our progress.

Arnaud Andrieu

CEO of Edmond de Rothschild REIM (Suisse)

Jonathan Martin

Swiss Sustainability Representative for Edmond de Rothschild REIM (Suisse)