



EDMOND
DE ROTHSCHILD

SUSTAINABILITY POLICY

EDMOND DE ROTHSCHILD REAL ESTATE FUND
“ERRES”



OVERVIEW

The Edmond de Rothschild Real Estate Fund (ERRES) Sustainability Policy describes the fund'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. 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 the Edmond de Rothschild Real Estate Fund (ERRES).

EFFECTIVE DATE

Jan 2022

REVIEW DATE

Jan 2025

VERSION

1

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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 REQUIREMENTS

This policy applies to the commercial operations of ERRES. Objectives are set out under each ESG issue that is material to the entity.

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.

The following principles guide our approach to sustainability in ERRES:

- Implement sustainable practices through innovation and the sharing of best practices.
- Act responsibly as a steward for the natural environment by addressing environmental impacts.
- Recognise social impact and have consideration for the local communities through charitable activities.

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.

To ensure that the above principles and focuses are met, an environmental management system (EMS) has been established, aligned to the internationally recognised standard, ISO 14001. This process framework enables the structured amalgamation of our sustainability objectives and targets. It will assist in the development and continual improvement of environmental performance to the benefit of the business, stakeholders and, ultimately, society at large.

ESG action plans are to be developed for all assets (and within 6 months upon acquisition) containing specific deliverables in order to achieve the overall objectives and enhance sustainability at each and every property.

We uphold an ambition to comply with all ESG legislation.

The following are our principal commitments:

ENVIRONMENTAL IMPACT - (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're 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.

OBJECTIVES:

- Establish and implement a Zero Net Carbon strategy by 2030 (Scope 1&2). Extension to material Scope 3 emissions by 2040.
- Reduce energy consumption by 3-5% per year on a like-for-like basis.
- 100% of electricity to be sourced from green tariffs by 2025, across all managed assets where costs are not prohibitive and green tariffs is effectively greener.
- Compile a solar photovoltaic rollout strategy for viable roof spaces by 2022 and have at least 50% of all commercial assets equipped with solar photovoltaic installations by 2025.
- Investigate feasibility of energy optimization devices across all assets by 2022.
- Improve data collection coverage to 100% by 2025.
- Encourage all commercial tenants to adopt green tariffs for their own electricity procurement - to be measured from 2022.
- Understanding the risks of holding stranded assets by 2025

WATER EFFICIENCY

We will improve water efficiency by reducing wastage and harvesting or reusing water where practical.

OBJECTIVES:

- Increase absolute tenant collection data coverage (water) to 75% by 2025.
- Investigate feasibility of water AMR devices across all assets (where landlord has control) by 2022.
- Implement minimum water efficiency standards from 2022.

- Perform climate change scenario analysis across 100% portfolio to understand assets that will experience future water-stress, by 2025, to increase understanding of where initiatives need to be directed.

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'.

OBJECTIVES:

- Improve absolute tenant data collection coverage (waste)
- Divert 100% of waste from landfill by 2030 (at managed sites, where we have control)

BIODIVERSITY & HABITAT

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

OBJECTIVE:

- Create a biodiversity strategy for applicable sites, with significant land, by end of 2023 to identify opportunities for habitat creation & biodiversity improvement such as native plants and beehives.

IMPACT ON SOCIETY - (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:

- Sustainability engagement with all commercial tenants via a tenant satisfaction survey every three years, as a minimum. Provide access to sustainability policy for all existing and prospective tenants upon request.
- 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.

HEALTH & WELLBEING

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

OBJECTIVES:

- Ongoing fund team training in ESG matters
- Health and Wellbeing Strategy for selected assets by 2027 (including needs analysis, goal setting, taking corrective actions, monitoring & formal ratings (e.g. FitWel), with improvement plans to include measures that address key wellbeing issues identified)
- Deploy Indoor Environmental Quality (IEQ) sensors with automated reporting visible to customers at selected office assets by 2026, where economically feasible

CULTURE & COMMUNITY

Our success rests on the strength of the communities in which we operate, so we partner with community organisations to deliver positive social outcomes.

OBJECTIVES:

- Participate in sustainability case study library including showcasing sustainability initiatives through website, social media and other channels to amplify their impact.
- Investigate fund and asset level involvement in charitable programmes.

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.

OBJECTIVES:

- EV charging available at all appropriate sites by 2025.
- Bicycle parking provision at all appropriate sites by 2025 & best practice end-of-trip facilities.

HUMAN IMPACT

ERRES is aligned with a best practice approaches in this area, to values its employees highly and fully recognises that maintaining a driven and contented workforce is essential in delivering continued success.

ETHICS AND GOVERNANCE – (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.

OBJECTIVES:

- Consider ESG factors at acquisition stage, utilising appropriate documentation and data gathering methods to inform decision-making.
- Where data is readily available at pre-acquisition, perform net zero carbon pathway modelling to better understand risk of stranding.
- By 2023, 100% of new commercial leases to incorporate green clauses.
- Consideration to be given to green leases clause implementation at appropriate 'trigger' events for existing tenants e.g., lease renewal.
- Comply with external and internal risk policies and maintain highest governance standards
- Report regularly to internal and external governance authorities

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.

OBJECTIVES:

- Implement property managers ESG Requirements and KPIs (if any)
- Incorporate ESG factors in the selection of external property managers (if any)

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.

OBJECTIVES:

- Maintain & incrementally improve SSREI (Swiss Sustainable Real Estate Index), Signa-Terre or similar, benchmark scores, relative to other participants.
- Increase coverage of green building certificate coverage year-on-year aiming for 50% of assets by 2025.
- Comply with Swiss regulations

RESPONSIBLE INVESTMENT

Investment strategies focusing on key issues that respond to the significant changes ongoing in the world and the economy.

OBJECTIVE:

- Implement minimum standards for ESG integration throughout the investment lifecycle.

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.

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