

EXCLUSION POLICY

24.07.2023



ESG at Coros: Our principles

Responsible investing is part of our corporate strategy. We are convinced that the integration of ESG criteria into our daily business and processes is crucial for better risk management of our products and strategies. Therefore, we are thoroughly incorporating ESG issues into our investment analysis and decision-making processes. This also includes exclusion criteria on various levels in line with the Sustainable Development Goals (SDG´s).

1. Exclusion criteria in the acquisition process:

To be able to consider real estate investments not in the short term and one-sidedly, but holistically and over the entire life cycle, ESG criteria are already considered in the early acquisition phase. An ESG due diligence is carried out by either using an internal checklist (for own book acquisitions only) or by external consultants. Technical and ecological characteristics of potential investments are being elaborated, possibilities for improvements to reduce the environmental impact of an asset and for increasing energy efficiency are being worked out.

Various risks relating to the property are excluded: climate risks, deviations from the CRREM climate path, usage of the building or risks in the tenant mix.



2. Exclusion criteria during the Asset management process:

EXCLUSION POLICY

24.07.2023

As part of our holistic approach to ESG, relevant criteria are addressed from the earliest stages of the acquisition phase. The ESG team is part of site visits and asset discussions in the very first acquisition phases prior to exclusivity and due diligence process.

To identify material risks and opportunities, an ESG due diligence is carried out. The analysis includes technical and environmental characteristics of potential investments, as well as opportunities for reducing an asset's carbon footprint and increasing its energy efficiency.

Furthermore, we are thoroughly assessing the future (re-)certifiability in accordance with globally recognized standards (LEED, BREEAM, DGNB and/ or WELL). In the case of new developments, we also seek to integrate the highest ESG standards and, where feasible, prepare suitable certifications already during the construction phase. Our investment team is trained and continuously educated on ESG related challenges and opportunities during the investment process. Additionally, we obtain an individual evaluation from our outside ESG advisors when required. Our investment committee materials include a section on ESG-related risks and opportunities and our ESG due diligence lists the proposed ESG measures that we aim to perform during the asset management phase.

Properties with risks related to deviations from the CRREM climate path, other tangible climate risks, certain building usage types, or risks related to the tenant mix can be excluded based on our ESG exclusion criteria.

The Asset Management department is responsible for both the management and performance of the selected investments throughout the entire holding period, from acquisition to sale. It collaborates closely with the ESG team, with one person dedicated to ESG assessment, to ensure that ESG considerations are directly integrated into our asset strategies (ESG interface). By leveraging these synergies, we promote long-term, sustainable value creation.

3. Exclusion criteria for partner relationships (i.e. tenants):

We do not believe that it is in the interests of our advised funds or their investors to partner with companies whose sole or principal business purpose is, among other things:

- › Direct involvement in the production and/or sale of anti-personnel mines, cluster bombs and/or chemical or biological weapons, nuclear weapons or significant semi-manufactured components (at the time of investment)
- › The manufacture of or trade in tobacco
- › Gambling activities
- › Fur production
- › Pornography
- › Extraction of endangered or protected raw materials
- › Production, storage or distribution of fossil fuels

Therefore, these exclusion criteria apply to (potential) tenants with lease contracts that exceed a three-year time frame or for rental spaces with an area of more than 150 sqm.

EXCLUSION POLICY

24.07.2023

3.1. Green leases:

An ESG agreement/green lease is in place and applies to new and re-letting. The green lease clauses include a declaration of intent for the sustainable management of the rental space and the consumption of energy and resources, as well as the provision of the tenant's consumption data. Every newly signed or prolonged lease agreement needs to be a "green lease".

3.2. External service providers:






When concluding contracts with external service providers (e.g. property managers), care is taken to ensure that they meet the specified ESG standards and that they are aware of ESG challenges and regulations, to ensure an ongoing implementation and reporting. We intend our property management partners to committing to:

- o fully respecting human and personality rights as fundamental values of society
- o fulfilling their responsibility for the protection of labor standards, environmental protection and anti-corruption
- o ensuring responsible and transparent corporate governance
- o the continuous systematic improvement of the sustainability of the real estate belonging to the client's investment fund
- o compliance with current and future European and national regulatory requirements in connection with sustainable investments and sustainable economic activities
- o the continuous systematic improvement of the risk management of the parties with effects on this contractual relationship.

The Provider shall therefore consider not only economic, but also environmental, social and governance aspects when making decisions, in all phases of the delivery of management services. The Provider shall also endeavour to use resources and energy sparingly and carefully in the delivery of its services. Every newly signed or prolonged contract needs to include ESG clauses that are fully accepted by the potential Provider.

EXCLUSION POLICY

24.07.2023

 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Check for potential negative impacts on the environment. Especially important as we spend 90% of our time indoors.</p>	 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>It must be ensured that assets only obtain energy from renewable energy sources. Furthermore, the price for provided energy must not exceed the market average.</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Seeking a shift towards sustainable economic activity in the real estate industry by recycling building material.</p>	 <p>13 CLIMATE ACTION</p> <p>Apply policies and actions that contribute to making buildings carbon neutral. Particularly important in planning and construction period.</p>	 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Strengthen partnership with companies that have a positive impact on achieving ESG goals. This enables all parties to learn and benefit from each other.</p>
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Related Documents:

- Internal Due Diligence Check List
- ESG Investment Policy
- Property Management Contract ESG Clauses
- Green Lease Clauses

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