



Environment, social and governance responsibility policy

Version April 2024

Introduction

Orange Capital Partners (OCP) is a Dutch investment advisor that invests on behalf of and together with its clients via funds and joint ventures in private real estate. OCP acts as a fiduciary in its role as an investment adviser. Its primary responsibility is to maximize the investment returns for its clients, within the constraints imposed upon OCP via client management agreements.

OCP firmly believes that good Environmental, Social and Governance (ESG) performance is synonymous with good business and will enhance the returns from its investments. In addition, ESG is important to OCP stakeholders and will not only protect asset value but also enhances the positive impact of the assets, which focusses on providing essential services to the community. Examples of the efforts in this field include, firstly, activities taken by the OCP Charity Foundation, which primary focus is to invest in the wellbeing of society and the environment through various projects, and secondly initiatives during the investment holding period to improve environmentally sustainable operational practices which represents sustainable practices and physical climate and transition risk mitigating activities.

Sustainability and Environmental risk exposure and strategy

The Fund Manager recognizes the following events, which impose a risk on the Funds and its returns:

1. Negative environmental physical events which may occur due to climate change or the geographical environment of the Investment. As various natural extreme weather patterns occur and increase to occur, the underlying real estate assets of the Investment are increasingly exposed to such events. This may result in increased maintenance costs or have an impact on the resale value and exit costs of the Investments.
2. Exposure to environmental risk emerging from the need of mitigating climate change (transition risk). Being an important contributor of global carbon emissions and being energy intensive, the real estate industry faces great regulatory and stakeholder pressure calling for improvement in energy and water management, among other, to reduce emissions. Efforts to cope with this pressure and to meet the strengthening regulatory requirements may impose higher financial input which could impede the performance of the Funds. On the contrary, failure to cope with this pressure may lead to reputational damage which could also impede with the funds return. The long-term value of the funds property investments is strengthened by limiting the risk of regulatory non-compliance or the erosion of its competitive position in the market.

Nevertheless, sustainability risks may have a negative effect on the value of the fund portfolios. The extent of the impact of sustainability risks on the returns of the funds will in any case depend on the exposure at any given time to certain investments and the materiality of sustainability risks. The likely impact on the return of the funds from an actual or potential material decline in the value of an Investment due to an environmental, social or governance event or condition will vary and depend on several factors including, but not limited to, the type, extent, complexity and duration of the event or condition, prevailing market conditions and the existence of any mitigating factors.

The strategy of the funds is to ensure long term value is created on its underlying assets. This means to protect and retain asset value by enhancing the quality and sustainability of its assets. To achieve this strategy the fund manager focus on improving the sustainability of the assets and creating social value for the tenants and the communities in the surrounding areas of our assets.

We firmly believe that in order to retain value on investments, the sustainability risks needs to be managed accordingly. We determine the exposure to physical climate risk (such as flooding, heat stress, sever weather events etc.) and climate transition risk (regulatory risk, stranded asset risk etc.). These risks are assessed during the investment acquisition period and existing portfolios.

Acquisition process

The Fund Manager has integrated sustainability risks as part of its investment decision-making and risk monitoring process. During the due diligence phase of potential investments, the Fund Manager assess the sustainability risks (physical and transition risk) to ensure the investment plan includes mitigating activities, secondly the Investment team assess the characteristics of the underlying assets and determine action which needs to be taken to ensure that the investment align with the OCP ESG strategy and the specific funds ESG characteristics. Should there be any indication of a sustainability risk, with the due diligence activities, a more in-depth assessment will be performed, to determine additional risk mitigating activities or exit the transaction / investment. Depending on the nature of the particular investment, the Fund Manager may retain legal, financial and/or environmental consultants to assist it with its due diligence and portfolio monitoring.

Secondly, the Fund Manager determine whether the proposed investment aligns with its ESG strategy - part of the funds promote that the fund has environmental and social characteristics. The fund has set targets to meet these characteristics. During the investment process, the investment and underlying assets are assessed to determine whether it aligns with the targets or incorporate in the investment plan the activities that needs to be taken to ensure it meets the targets.

The Investment committee carefully assess the investment opportunity from a risk and opportunity perspective to ensure that a fair decision are being made to ensure good investments are being made, which contributes to, and align with the ESG strategy.

Investment holding period (Asset Management process)

During the portfolio management and asset management period, the sustainability initiatives as identified during the acquisition phase are being implemented. The Fund Manager assess the asset management plan for all assets on an annual basis and incorporate sustainable asset management initiatives in the plan to ensure it aligns with the sustainability strategy and the underlying targets. To meet the ESG strategy and sufficiently embody the characteristics the funds promote (if applicable), existing assets are assessed on a continuous basis to ensure that the defined targets are being met.

Throughout the holding period, the assets are reviewed for physical and stranded asset risk to determine appropriate action to take to retain value for investors.

Social responsibility

OCP sees it as its obligation to make decisions and take actions that will enhance the welfare of its own employees and to act in the interests of society. As an organization, OCP is committed to being a responsible member of the community and supports a range of activities that enhance local communities in which we invest. As an investment advisor, OCP will be mindful of how third-party service providers, joint venture partners and other business partners address “social responsibility” and will take appropriate steps if satisfactory standards of “social responsibility” are not maintained.

Governance

OCP focus on superior corporate standards including compliance and risk management is fundamental to running the business. We aim to build long term partnerships with our clients. OCP is governed by a series of policies, procedures, best practices, and guidelines, rooted in sound ethics. OCP has its AIFMD license for parts of its funds and can therefore confirm to stakeholders that it maintains excellent corporate governance throughout its business processes. OCP is also a member of INREV and IVBN and actively implements its industry best practice policies and guidelines. OCP operates its funds in accordance with their organizational and corporate documents, as well in accordance with applicable laws, rules, regulations, policies, and procedures.

SFDR disclosure

In terms of the Sustainability Financial disclosure regulation (EU) 2019/2088 (SFDR), imposed by the EU, effective from 10 March 2021, Orange Capital Partners (OCP) as Fund Manager of AIFM licensed

funds, is required to disclose information on how sustainability risks and considerations are integrated in the investment decision processes, as explained in this policy. The SFDR is part of broader efforts of the European Commission to stimulate sustainable finance.

It should be noted that OCP primary expertise lies in investing in high-quality real estate assets that generate long term, stable cash flows. The Fund Manager partly classify some of its funds (Vivada Investments B.V.) as Art (8) funds as it have environmental and social sustainable characteristics. No funds is classified as an Art (9) financial product as sustainable investments are not the objective of any of its funds.

No consideration of adverse sustainability impacts.

The Fund Manager has considered the nature and scale of its activities and the range of investments, and has concluded, in accordance with Art 4(1)(b) of the SFDR, that the Fund Manager does not consider the adverse impacts of its investment decisions for the Fund on sustainability factors. The Fund Manager does not currently do so, because it could not gather and / or measure all the data on which it would be obliged by the SFDR to report. The Fund Manager will review this position periodically, at least on an annual basis, by reference to market developments.

Definitions

ESG

Environmental, Sustainability and Governance

SFDR

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended and as may be further amended.

Sustainability Risk

Means 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.