ESG Investment Policy

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1. Background, scope and purpose

Thylander establishes and manages Real Estate funds with investments in Danish properties in partnership with institutional investors, funds, and wealthy individuals. Sustainability and responsibility are deeply rooted in both Thylander's values and in our daily work. For us, there is no contradiction between sustainability and responsibility and creating returns for our investors. On the contrary, we consider financial sustainability and accountability to be the first prerequisite when it comes to making a difference.

This ESG (Environmental, Social and Governance) Investment policy shall guide Thylander in our capacity as managers and advisors, when we (for and behalf of the investors) assess/screen potential investments, propose investments, monitor and manage properties/investments, and propose to exit investments. This Policy sets out ESG principles and requirements for the investment process. Where relevant, this is further described in process documentation and reporting.

Thylander management, investment professionals and other staff are responsible for ensuring that the Policy is complied with in their daily operations. Employees is expected to adhere to the highest standard of integrity. In cases where there may be lack of clarity or guidance from the Policy, or in cases where the Policy is not adhered to, employees shall report any issues of concern or discrepancy to their responsible manager.

This Policy applies to all real estate funds or investments managed or adviced by Thylander. In cases where Thylander does not have full control, Thylander shall use commercially reasonable efforts to encourage the implementation of this Policy or similar policy elements.

This Policy also serves to provide transparent communication to investors, employees, and other stakeholders about Thylander's integration of ESG in the investment process. This Policy is publicly available.

2. ESG principles

ESG factors affect long-term returns, and long-term financial value creation relies on responsible and sustainable management of our activities.

At Thylander, we are aware of the great inherent responsibility that our work entails. Our industry affects the environment and our business affects the lives of many people; partners, tenants, constructors, suppliers, etc.

We stand by our responsibilities and strive to be a credible and responsible partner with a focus on pushing the industry in the right direction and thus support the political goal in Denmark of 70% reduction of greenhouse gases by 2030.

Thylander is committed to operating our activities in a sustainable manner, taking long-term environmental, social and governance consequences into consideration in our activities.

We adhere to relevant laws and regulations in all the markets in which we perform our activities. Additionally, we use reasonable commercial efforts, having regard for the size and context of our operations, to align our activities with established and recognized international guidelines and recommendations, in particular the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

We consider ESG risks and impacts also for the supply chain. We take an active approach to identifying and addressing supply chain risks where we consider these to be material and we take action to address negative externalities where we believe we can have an impact.

We value transparency and provide relevant ESG reporting to investors and other stakeholders.

3. ESG risks

ESG risks may vary depending on the specific investment. Therefore, ESG risk may differ from investment case to investment case. Thylander has identified ESG factors that are expected to be relevant for a large part of our activities. The below will always be considered, and a detailed analysis and written evaluation will be performed where material risks are identified:

Environmental:
- Biodiversity and habitat
- Greenhouse gas emissions
- Air quality
- Hazardous materials
- Catastrophe and disaster risks
- Climate change risks

Social:
- Occupational health and safety
- Community health and safety hazards
- Working conditions
- Freedom of association
- Diversity and discrimination
- Stakeholder engagement

Governance:
- Presence of ESG policies
- Business conduct
- Anti-corruption and financial crime
- Suppliers and contractors
- Cybersecurity

Where we identify Environmental, Social or Governance risk that may have a material impact on the investment or which may significantly impact stakeholders or the environment, mitigating measures will be evaluated, implemented and reported upon.

4. ESG integration

The specific integration of ESG in each part of the investment process is outlined below:

1. *ESG screening*
   Once an investment opportunity is identified, in the pre-investment phase, the investment team prepares an initial ESG screening. This screening is a high-level preliminary assessment of the ESG risks that the project/investment may be involved in along with the project's relation to the fund's mandate. The potential new business partners are also assessed in terms of their ability to comply with the ESG standards set out in Thylander's Code of Conduct and Supplier Code of Conduct.

2. *Initial analysis/Advisor analysis*
   If an investment project is deemed attractive it is analysed further internally, if necessary supported by external professional ESG advisors, to identify any significant ESG issues. Once this initial analysis is finalised the investment project will be passed through an internal decision gate. If a risk is identified that cannot be sufficiently mitigated, then the investment project will be terminated.

3. *Due diligence*
   Once the project moves forward, a more thorough and comprehensive evaluation of the sustainability risks of the investment is completed. This is based on our ESG due diligence framework. The outcome of this evaluation is then presented in an ESG due diligence report. The main purpose of this exercise to identify and manage any specific ESG risks and opportunities for each investment project. The report is prepared by both internal and external ESG advisors.

4. *Negotiation and closing*
   If a "red flag" is detected in the due diligence phase, the risk and respective mitigating actions are identified, and Thylander will strive to obtain contractual protection limiting any ESG risks to the extent possible during the negotiations process.

5. *Project development*
   If the investment in question is a development project our project development team will start to create a Lokalplan and design the project once the project is negotiated and closed. At this point we have an internal decision gate where these designs and projects must be assessed in order to ensure their compliance with our mandate and that the mitigation solutions are incorporated into the investment project.

6. *Asset management and monitoring*
   Once the transaction is concluded, all ESG activities relating to the investment project are handed over to our Asset Management team, and the ESG risks and opportunities are included in the action plans for the relevant asset(s). The monitoring and reporting of the ESG activities are conducted by a quarterly review alongside our financial reports.

5. EU Sustainability Taxonomy

The European Parliament and the Council has introduced legislation to classify investments according to criteria for environmentally sustainable economic activities (Regulation (EU) 2020/852). As part of the investment process, Thylander evaluates the alignment with the EU Sustainable Taxonomy criteria for Significant Contribution to Climate Change Mitigation, Do No Significant Harm (DNSH) to the other environmental objectives, and Minimum Safeguards (MS). It is our ambition to achieve as high a degree of alignment with the EU Taxonomy criteria as possible and commercially feasible.

6. SFDR regulation

The European Parliament and the Council has introduced legislation regarding sustainability-related disclosures (Regulation (EU) 2019/2088). For the fund “Build-for Life” Thylander will collect and report where relevant to clients, on the mandatory Principal Adverse Impacts (PAIs) as specified in the regulation. Other real estate funds managed by Thylander are not required to report on PAI indicators and will, as of now, not report on PAI indicators.

7. Governance

Good governance practices are an integrated part of Thylander’s investment activities. Real estate funds managed by Thylander will adopt Thylander’s Code of Conduct (CoC) that specifies governance and conduct requirements to employees, partners, and suppliers. Governance practices are also part of Thylander’s ESG due diligence process.

Thylander shall seek to promote full disclosure on environmental, social and governance issues in accordance with regulation and good industry practice, while paying due respect to professional secrecy, patents, and trade rights as well as privacy and the protection of personal data.

Thylander has a zero-tolerance policy when it comes to corruption and bribery. Thylander will require that no corruption and/or bribery shall take place or be carried out directly or indirectly by any of the parties involved in an investment. Thylander will also comply with the relevant laws and regulations in terms of money laundering and/or fraud and has introduced adequate process to properly monitor and review these risks.

Thylander recognises that we have an obligation to prevent, identify and assess risks of money laundering and fraud. In addition, Thylander is committed to avoiding any situations in which conflicts of interest can arise and encourage full transparency whenever possible. If a situation should arise where an employee or a member of the Investment Committee may have, or be perceived as having, a conflict of interest, Thylander has a Conflict of Interest Policy in place. The conflict shall be raised to the Investment Committee and the person in question will abstain from taking part in any activity that may result in or be perceived as resulting in a conflict of interest.

Thylander shall take considerable care in entering into business relationships with third parties. Hence, Thylander shall endeavour to incorporate an appropriate level of third-party due diligence before entering into any business relationship and to only engage with reputable business partners.

8. Amendments

Investments in real estate assets are characterised by a long holding period. Therefore, Thylander acknowledges that ethical considerations and regulation are constantly evolving and changing over time. Thylander may in its own discretion amend this ESG Investment Policy from time to time. Should one or more investors consider it necessary to amend this policy, Thylander agrees to enter into good faith negotiations in order to implement such changes.

9. Other applicable guidelines and principles

Thylander has adopted several policies, including the Conflict of Interest Policy, procedure for handling personal data etc., to ensure compliance with the regulation on business conduct and procedures as well as a Code of Conduct setting out the rules and practices ensuring that Thylander is compliant with the regulation on information security and business continuity as set out in the AIFM Act and in the Commission's Delegated Regulation no. 231/2013.

10. Implementation of this Policy

Thylander's management is responsible for maintaining and updating this Policy as required by changes to market practice, regulation, voluntary standards or as otherwise deemed necessary.

The Policy is signed by the Chairman of Thylander's Board of Directors. The Policy is subject to an annual review.

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Version	Approved	Changes
1.0	25 August 2022	Policy approved and adopted

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Lars Thylander, Chairman