

FREO Group

ESG Policy

Introduction

FREO Group offers a complete set of Real Estate asset, development and property management services tailored to the needs of partners and clients including asset selection, prudent capital structuring and identification of value creation opportunities. These opportunities are created through proactive management or repositioning and, ultimately, responsible disposal. At FREO Group, we only target Real Estate investments that offer intrinsic value for our partners, with the goal of delivering sustainable cash flows and long-term capital enhancement.

At FREO Group, we recognize that the Real Estate sector is responsible for a high consumption of energy and resources, and that we have a role to play in helping the industry mitigate its environmental and social impacts. We also believe that, by being proactive towards sustainable Real Estate investments and initiatives on the Asset Management strategy, we can bring even more value to our stakeholders. Beyond complying with all regulatory requirements and national legislations, we aim - whenever possible - at developing our assets in order to acquire internationally recognized certifications.

FREO Group is committed to complying with all laws, regulations and selected sustainability initiatives. We have designed an ESG (Environmental, Social and Governance) Policy to demonstrate our commitment to the PRI (Principles for Responsible Investment*), and to the contribution of the UN Sustainable Development Goals** (known as "SDG"). It is important to us that all employees of the Group comply with our ESG Policy and especially our regulated management companies. We also strive that our partners, whether they are investors, tenants, sub-contractors or property managers, are aligned with our commitments described in the policy.

The ESG Policy reflects the commitments made by the FREO's Board of Directors to integrate ESG dimensions into the decision-making process whenever possible, and to comply with the principles defined by the PRI chart. Our ESG policy is complemented by an internal ESG procedure outlining the practical implications of our policy into our day-to-day operations.

FREO Group Commitments on ESG

In June 2018, we became a signatory member of the PRI and defined our own commitments in compliance with the PRI's principles:

1. Integrate ESG considerations into our investment decision process;
2. Collect and monitor environmental and social performance, and orientate investment to improve this performance;
3. Work with related parties to raise awareness on ESG and to minimize negative social and environmental impact;

* www.unpri.org/

** www.un.org/sustainabledevelopment/sustainable-development-goals/

4. Play a leadership role in the Real Estate industry and work collaboratively with other organizations to promote the PRI and the integration of ESG dimensions;
5. Demonstrate our commitment to the PRI through the annual progress report;
6. Demonstrate our commitment publicly through an external ESG report;
7. Ensure that we walk the talk by integrating ESG within our corporate governance.

Activities to support ESG commitments

To respect the commitments defined by FREO Group, we implemented specific actions that are supported by a dedicated roadmap and have their progress monitored by performance indicators.

Amongst others, we will ensure, whenever possible, the following actions:

- Integrate ESG principles within our own corporate governance;
- Collect information on the environmental performance of the building before, during and after the acquisition or refurbishment process;
- Drive our investments in renovation and refurbishment with the objective to improve the environmental and social performance of the assets;
- Demonstrate how the refurbishment and other developments of the asset positively contribute to the improvement of the environmental and social performance of the assets;
- Acquire, whenever possible, internationally recognized certifications for our assets;
- Collect information on potential social issues that could occur during the management of the buildings, such as bribery, money laundering, equal employment, labor laws, employees' health and safety;
- Raise awareness of our partners (investors, property managers, sub-contractors or tenants) on ESG considerations through our ESG policy, highlighting the importance of ESG matters in the Real Estate industry.

In addition, we reviewed our internal policies, procedures and governance to integrate ESG dimensions and to attest our responsibility towards our stakeholders and society.

In order to demonstrate our ESG performance, we identified the following set of indicators that we will monitor throughout the multiple steps of the investment process and whenever the length of the holding allows it:

- **Energy consumption evolution:** The objective is to demonstrate how the energy consumption of the asset evolved from one year to another or how investing to reduce energy use (e.g. set up of solar panels) impacts the energy consumption.
- **Water consumption evolution:** The objective is to demonstrate how the water consumption of the asset evolved from one year to another or how investing to reduce water use (e.g. set up of a leakage detection system) impacts the water consumption.
- **Waste management evolution:** The objective is to communicate the level of recycling obtained during the refurbishment and the holding phase. It is key to identify the best disposal process to reduce costs and favor a recycling and circular economy.

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- **Green certificate upgrades:** The objective is to demonstrate that appropriate investments into existing buildings allow for improved energy efficiency and enable the obtainment or upgrade of their green certificates.
- **International certifications:** The objective is to highlight the number of new assets developed that acquired an international certification compared to the total assets of the Group.

On a yearly basis, we will disclose an external ESG Report that will describe the main actions undertaken to ensure the integration of ESG considerations into our processes. The report will also highlight our main risk mitigation actions, best practices and ESG performance. The report will be available on our Group's website and will be completed by an annual report on progress sent to the PRI.

Social

We commit to improving the quality of life of our tenants and of the communities in proximity to our buildings. We commit to optimizing our buildings and to guaranteeing the wellbeing of the tenants, for example through a good public transportation network, the availability of green spaces or natural light.

Internal Governance

We implemented a responsible corporate governance in order to promote the wellbeing of our employees and limit the environmental impacts of our company on the environment. Whilst we believe in teams and the benefit of regular face-to-face meetings, we implemented a responsible travel policy in order to reduce the impact of business travels on the environment by allowing our teams to use video-conference calls to discuss and reduce otherwise necessary travel for face-to-face meetings.

ESG Officer

We appointed an ESG Officer in charge of the compliance and application of our ESG Policy. The ESG officer supports the Board, the Investment Committee, the Asset Managers and all relevant employees to translate and apply the policy within the procedures. The ESG Officer will perform periodic updates of the ESG Policy and ESG internal procedure when deemed appropriate. Our ESG officer is also responsible for the annual PRI reporting and the setup of an external ESG report.

Principal Adverse Impacts

FREO considers principal adverse impacts of its investment decisions on sustainability factors. Each relevant statement will be published in the annual report of the respective managed product covering the year under review.

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