

## Exclusion policy

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The Dutch version of this document is leading and can be found [here](#)

## **Introduction**

Bouwinvest Real Estate Investors B.V. (hereinafter: Bouwinvest) manages five Dutch sector funds and three international mandates. Bouwinvest invests in a responsible manner the assets of institutional investors in real estate products worldwide, with the aim of creating 'Real Value for Life', namely financial and social returns. Important cornerstones in achieving our purpose are social responsibility and sustainability.

Bouwinvest is convinced that organisations, including Bouwinvest itself, can make a positive contribution to progress in the economic, environmental and social sphere. For this reason, Bouwinvest has chosen to subscribe to international standards in relation to responsible business and investment, such as the OECD Guidelines for multinational enterprises<sup>1</sup>, the UN Principles for Responsible Investment<sup>2</sup> and the UN Guiding Principles on Business and Human Rights (UNGPs)<sup>3</sup>.

Bouwinvest consciously chooses for responsible investment, because we believe that this leads to a better risk-return ratio. Bouwinvest makes use of the following responsible investment tools; ESG integration, exclusion, active share ownerships (voting and engagement) and investing in solutions.

This exclusion policy applies to the management organisation and all its entities and activities, and forms part of a broad set of responsible investment tools. Exceptions to this policy must be approved by the Executive Board of Directors of Bouwinvest.

It is important that this policy continues to be aligned with developments in this area. For that reason, this policy is subject to change and is updated at least once a year.

## **Activities of Bouwinvest**

Bouwinvest invests in real estate in both the Netherlands and internationally on behalf of institutional investors (clients). These investors generally have their own exclusion policy. The exclusion policy often arises from the conviction that investment in certain countries and sectors is not ethically responsible. The policy therefore supplements statutory exclusions. Clients' exclusion policies focus above all on excluding investments in government bonds of certain countries, and in corporate bonds and shares of companies that produce certain products. This could be, for example, not investing in enterprises that manufacture such items as cluster bombs and/or tobacco. In some cases clients exclude enterprises from investment if these violate the UN Global Compact.

Bouwinvest invests in direct real estate in the Netherlands. Internationally, Bouwinvest also invests in direct real estate as well as indirect. The majority however concerns private funds. The listed

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<sup>1</sup> <https://www.oesorichtlijnen.nl/documenten/brochure/201/12/8/volledige-tekst-oeso-richtlijnen>

<sup>2</sup> <https://www.unpri.org/>

<sup>3</sup> [https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf)

investments are only in listed real estate companies. Bouwinvest does not invest in countries' government bonds.

Our clients' exclusion policies cannot be translated directly into Bouwinvest's activities. Bouwinvest will first make its own analysis before deciding how to frame its own exclusion policy.

### **Starting points**

Bouwinvest strives to invest responsibly in real estate. For this reason, Bouwinvest aligns its investment policy with the starting points and principles of the UN Global Compact. For Bouwinvest, this means that its investments must make a positive contribution to objectives in the area of human rights, labour conditions, the environment and tackling corruption.

### **Investments in countries**

Bouwinvest invests in real estate only in countries with transparent real estate markets. Besides the Netherlands, these are largely the United States, the United Kingdom, Germany, France, Scandinavia, Australia, Singapore, Hong Kong and Japan. Bouwinvest does not invest in countries subject to sanctions by the United Nations (UN) or the European Union (EU), nor does it invest in countries that structurally violate human rights on a large scale, where labour conditions are very poor and insufficient attention is given to the environment. Furthermore, Bouwinvest does not enter into business relationships with natural persons or businesses with a director, representative or ultimate beneficial owner included on a sanctions list of the UN and the EU.

When selecting countries in which to invest, the following criteria are also considered: sanctions, corruption, human rights violations, labour conditions and the environment. Appendix 11 contains an overview of the countries excluded by Bouwinvest on the basis of these criteria. This list is reviewed each year. When selecting countries, Bouwinvest uses lists such as the Corruption Perception Index, the International Trade Union Confederation Global Rights Index, the Freedom in the World Index of Freedom House and the Notre Dame GAIN Country index.

### **Investments in sectors/products**

As mentioned above, Bouwinvest's clients use exclusion lists focusing on corporate bonds and shares in companies that produce certain products or violate the UN Global Compact principles. Amongst other things, these concern the manufacture of cluster bombs, biological or nuclear weapons or anti-personnel mines. Since Bouwinvest invests directly and indirectly in real estate, these exclusion lists cannot be translated directly into Bouwinvest's investments.

Bouwinvest does not invest in buildings that are used for the manufacture of:

- Controversial weapons, including cluster bombs, biological and nuclear weapons and anti-personnel landmines;
- tobacco;
- fossil fuels;
- gambling products;
- pornography;

Generally speaking, the sphere of influence with direct real estate investments is greater than with indirect real estate investments. That is why, with direct real estate investments, Bouwinvest chooses not to let properties to businesses that earn more than 10% of their turnover from activities such as the manufacture of these products.

#### **Violation of UN Global Compact principles**

The starting point is that Bouwinvest does not wish to do business with enterprises that structurally violate the UN Global Compact principles, and where engagement has no effect. If an existing client of Bouwinvest may possibly be violating these principles, Bouwinvest will use its influence by entering into discussions with the client concerned (engagement). If this has no effect, Bouwinvest will take the earliest opportunity to end the relationship. See our engagement policy about this. With direct investments, properties will not be let to parties that structurally violate the UN Global Compact.

With indirect real estate investments, Bouwinvest will endeavour, by means of engagement, to persuade the local partners not to let property to these enterprises.

#### **Investments in areas**

Bouwinvest attaches great importance to a sustainable world, and through investment in real estate wants to contribute to this, such as by preventing an adverse impact on the environment. For this reason, Bouwinvest does not invest in real estate where it would cause harm to:

- protected areas or buildings<sup>4</sup>;
- the rights of indigenous peoples

#### **ESG transparent investments**

Bouwinvest wants to be transparent about the environmental and social impact of its real estate investments, That is why Bouwinvest expects indirect real estate investments to commit to participation in an independent, sector-specific benchmark (such as GRESB), which measures ESG

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<sup>4</sup> [UNESCO](#) World Heritage Sites, [Wetlands](#) registered by the Ramsar Convention, Critical natural habitat registered by the International Union for the Conservation of Nature ('[IUCN](#)') category Ia: Strict Nature Reserve, Ib: Wilderness Area, Ic: National Park.

integration and ESG performance and shares the results with Bouwinvest. All direct investments must be accompanied by a broad sustainability certificate at building level (BREEAM, LEED, GPR Building).

### **Implementation**

The Executive Board of Directors has final responsibility for the implementation of this policy and for integrating it in investment strategies and other relevant business processes and activities.

The policy is valid from the date on which it enters into force. For existing investments, agreements and leases, this policy will not be directly applicable. In relation to existing investments, agreements or leases, it will be examined whether improvements can be achieved through engagement if violations of the UN Global Compact principles are involved. For all other exclusion grounds, it will be considered whether the asset, the business contact or the lessee can be dispensed with, naturally in so far as this is contractually and legally possible.

## APPENDIX 1: EXCLUDED COUNTRIES

Country	Sanctions	Corruption	Human rights	Labour rights	Environment
Afghanistan		X			X
Bangladesh					X
Benin					X
Burkina Faso					X
Burundi		X		X	X
Cambodia					X
Central African Republic	X		X	X	X
Chad					X
Comoros					X
Congo		X			
Democratic Republic of the Congo		X			X
Equatorial Guinea			X		
Eritrea			X		X
Ethiopia					X
Gambia					X
Guinea					X
Guinea-Bissau		X			X
Haiti		X			X
Iran	X				
Yemen		X		X	
Kenya					X
Kyrgyzstan					X
Liberia					X
Libya		X		X	
Madagascar					X
Malawi					X
Mali					X
Mauritania					X
Mozambique					X
Myanmar	X				X
Nauru					X
Nepal					X
Niger					X
North Korea	X	X	X		X
Rwanda					X
Sao Tome & Principe					X
Saudi Arabia			X		
Sierra Leone					X
Somalia	X	X	X	X	X
Sudan	X	X	X	X	
Syria	X	X	X	X	
Tajikistan					X
Tanzania					X
Togo					X
Turkmenistan			X		
Uzbekistan	X				
Uganda					X
Venezuela		X			
Zimbabwe	X				X
South Sudan		X	X	X	