

# Exclusion Policy

# Bouwinvest

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# Introduction

## 1.1 Background

Bouwinvest Real Estate Investors B.V. (hereinafter: Bouwinvest) manages five Dutch sector funds and three international mandates. Bouwinvest invests the assets of institutional investors responsibly in real estate products worldwide, with a view to generating both financial and social returns and creating 'Real Value for Life'. Social responsibility and sustainability are the cornerstones of our strategy.

## 1.2 Objective

Bouwinvest is convinced that organisations, including Bouwinvest itself, can make a positive contribution to economic, environmental and social development. Bouwinvest has, therefore, 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 has deliberately opted for responsible investment as we believe this leads to a better risk-return profile for our portfolio and is in alignment with our clients' interests.

This Exclusion Policy outlines the industries, organisations and countries in which we are not willing to invest. Exclusion is for Bouwinvest the most far-reaching mitigation action to ensure we invest responsibly. Exceptions to this policy must be approved by Bouwinvest's Executive Board of Directors.

## 1.3 Scope of the policy

This Exclusion Policy applies to the management organisation and all its entities and activities, and forms part of a broader set of responsible investment tools such as Bouwinvest's Responsible Investment Policy, ESG integration in investment decision making and the Stewardship & Engagement Policy.

## 1.4 Maintenance

It is important that this policy continues to be aligned with developments in this area. The Exclusion Policy is subject to a periodic review (based on the Policy Management Framework Bouwinvest) by the Sustainability & Innovation department and approval by the Executive Board of Directors, and shall be revised whenever deemed necessary.

## 1.5 Related Policies (amongst others)

- Responsible Investment Policy
- Stewardship & Engagement Policy

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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/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

# Exclusion Policy

## 2.1 Bouwinvest's activities

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.

Bouwinvest invests directly in real estate in the Netherlands and indirectly internationally. International investments include participations in private real estate funds and listed real estate companies. Bouwinvest does not invest in government bonds.

## 2.2 Principles & starting points

Bouwinvest strives to invest responsibly in sustainable real estate. Bouwinvest has, therefore, aligned its Investment Policy with the starting points and principles of the UN Global Compact. This means that any investments Bouwinvest makes must comprehensively consider human rights, labour conditions, the environment, climate change and measures to tackle corruption.

The exclusion policies of our clients are not translated directly into Bouwinvest's activities. Bouwinvest first makes its own analysis before deciding how to frame its own exclusion policy.

## 2.3 Investments in countries

Bouwinvest invests only in countries and regions with transparent real estate markets. Besides the Netherlands, these are largely, but not exclusively, the United States of America, Canada, the United Kingdom, Germany, France, Scandinavia, Ireland, Belgium, Australia, New Zealand, Singapore, China, South Korea, Hong Kong and Japan.

Bouwinvest does not invest in countries subject to arms import and arms export-related sanctions by the United Nations (UN) or the European Union (EU)<sup>4</sup>. Appendix 1 contains an overview of the countries excluded by Bouwinvest on the basis of sanctions.

Nor does Bouwinvest invest in countries where the perceived level of corruption is high, human rights are structurally violated on a large scale, labour conditions are very poor, insufficient attention is given to the environment or vulnerability to climate change impact is greatest. When selecting countries, Bouwinvest uses country ratings based on the following indices: the Corruption Perception Index, the International Trade Union Confederation Global Rights Index, the Freedom in the World Index of Freedom House, the Notre Dame GAIN Country index and the Yale environmental performance index. A country that exceeds the predefined thresholds for at least two of the five criteria outlined above is excluded from investment. Appendix 2 contains the list of countries excluded by Bouwinvest on the basis of these criteria. This list is reviewed annually.

Due to Bouwinvest's indirect investment approach to international investments, some listed companies may have a very limited exposure in excluded countries. This is confined to a maximum of 1% per listed company. Exposure to countries subject to sanctions by the UN or EU is not permitted at the investment-selection stage and Bouwinvest uses its influence to reduce its exposure during the investment phase through engagement. We periodically monitor our exposures to these countries.

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<sup>4</sup> Available at <https://www.sanctionsmap.eu/>

## 2.4 Investments in sectors/products

Bouwinvest does not invest in real estate used by sectors that do not contribute to a healthy and safe society with respect for the individual. Bouwinvest does not, therefore, invest in buildings that are predominantly used for:

- Production of controversial weapons, including cluster bombs, biological and nuclear weapons and anti-personnel landmines;
- Production of tobacco;
- Extraction, bulk storage, transport and/or manufacturing of fossil fuels (coal, natural gas and oil);
- Gambling activities;
- Production of pornography or facilitation of prostitution.

Generally speaking, Bouwinvest's sphere of influence is greater with direct rather than indirect real estate investments. That explains why Bouwinvest chooses not to let any of the properties in its direct portfolio to companies whose leading economic activity is directly linked to the excluded activities mentioned above.

To monitor (potential) tenants in our direct investments, we use a company list in our daily operations which includes all entities with SBI codes (Dutch: "Standaard Bedrijfsidentificatie") in line with the excluded activities.

## 2.5 Sanctions and violation of UN Global Compact principles

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.

Furthermore, 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 is believed to be violating these principles, Bouwinvest will use its influence by entering into discussions with the client concerned (engagement). If that has no effect, Bouwinvest will take the earliest opportunity to end the relationship. See our Stewardship & Engagement Policy for further details. With regard to direct investments, properties are not let to parties that structurally violate the UN Global Compact. With indirect real estate investments, Bouwinvest endeavours, by means of engagement, to persuade the local partners not to let property to these enterprises.

## 2.6 Investments in protected real estate and areas

Bouwinvest attaches great importance to a sustainable world, which it aims to contribute to through real estate investments that help avoid or prevent an adverse impact on the environment. That is why Bouwinvest does not invest in real estate if at the investment-selection stage we are aware that it would cause harm to:

- protected areas or buildings<sup>5</sup>;
- the rights of indigenous peoples.

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<sup>5</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.

## 2.7 ESG-transparent investments

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

## 2.8 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 comes into force. This policy is not directly applicable to existing investments, agreements and leases. We will determine whether improvements can be achieved through engagement. Should engagement be unsuccessful, we will consider whether the investment, the asset, the business contact or the lessee can be dispensed with, in so far as this is contractually and legally possible.

# Appendices

## Appendix 1: Excluded countries - EU / UN sanctions (arms import or export)

Bouwinvest does not invest in the following countries subject to arms import or export sanctions by the United Nations (UN) or the European Union (EU).

- Afghanistan
- Belarus
- Central African Republic
- Dem. Rep. of the Congo
- Iran
- Iraq
- Lebanon
- Libya, Myanmar
- North Korea
- Russian Federation
- Somalia
- South Sudan
- Sudan
- Syria

Source: <https://www.sanctionsmap.eu/> - Consulted on April 22nd 2022



## Appendix 2: excluded countries – corruption, human rights, labour rights, environment and climate change

A country is excluded from investment when it exceeds the predefined thresholds for at least two of the five criteria. These countries are marked in grey.

| Country                  | Corruption | Human rights | Labour rights | Climate change | Environment |
|--------------------------|------------|--------------|---------------|----------------|-------------|
| Afghanistan              | X          |              |               | X              | X           |
| Angola                   |            |              |               | X              | X           |
| Bangladesh               |            |              |               | X              | X           |
| Benin                    |            |              |               | X              |             |
| Burkina Faso             |            |              |               | X              |             |
| Burundi                  | X          |              | X             | X              | X           |
| Cambodia                 |            |              |               | X              |             |
| Cameroon                 |            |              |               | X              |             |
| Central African Republic |            | X            | X             | X              |             |
| Chad                     |            |              |               | X              | X           |
| Comoros                  |            |              |               | X              |             |
| Congo                    |            |              |               | X              |             |
| Côte d'Ivoire            |            |              |               | X              | X           |
| Dem. Rep. of the Congo   | X          |              |               | X              |             |
| Djibouti                 |            |              |               |                | X           |
| Equatorial Guinea        | X          | X            |               | X              |             |
| Eritrea                  |            | X            |               | X              |             |
| Ethiopia                 |            |              |               | X              |             |
| Gambia                   |            |              |               | X              | X           |
| Ghana                    |            |              |               |                | X           |
| Guinea                   |            |              |               | X              | X           |
| Guinea-Bissau            |            |              |               | X              | X           |
| Haiti                    |            |              |               | X              | X           |
| India                    |            |              |               |                | X           |
| Yemen                    | X          |              | X             | X              |             |
| Kenya                    |            |              |               | X              |             |
| Lesotho                  |            |              |               |                | X           |
| Liberia                  |            |              |               | X              | X           |
| Libya                    | X          |              | X             |                |             |
| Madagascar               |            |              |               | X              | X           |
| Malawi                   |            |              |               | X              |             |
| Mali                     |            |              |               | X              | X           |
| Mauritania               |            |              |               |                | X           |
| Micronesia               |            |              |               | X              |             |
| Mozambique               |            |              |               | X              |             |
| Myanmar                  |            |              | X             | X              | X           |
| Niger                    |            |              |               | X              |             |
| Nigeria                  |            |              |               | X              |             |
| North Korea              | X          | X            |               |                |             |
| Pakistan                 |            |              |               | X              |             |
| Papua New Guinea         |            |              |               | X              |             |

| Country         | Corruption | Human rights | Labour rights | Climate change | Environment |
|-----------------|------------|--------------|---------------|----------------|-------------|
| Saudi Arabia    |            | X            |               |                |             |
| Sierra Leone    |            |              |               | X              | X           |
| Solomon Islands |            |              |               |                | X           |
| Somalia         | X          | X            | X             | X              |             |
| South Sudan     | X          | X            | X             |                |             |
| Sudan           |            |              |               | X              |             |
| Swaziland       |            |              |               | X              |             |
| Syria           | X          | X            | X             |                |             |
| Tajikistan      |            |              |               | X              |             |
| Tanzania        |            |              |               | X              |             |
| Togo            |            |              |               |                | X           |
| Turkmenistan    | X          | X            |               |                |             |
| Uganda          |            |              |               | X              |             |
| Vanuatu         |            |              |               |                | X           |
| Venezuela       | X          |              |               |                |             |
| Yemen           | X          |              | X             | X              |             |
| Zimbabwe        |            |              |               | X              |             |

Sources: The Corruption Perception Index, the International Trade Union Confederation Global Rights Index, the Freedom in the World Index of Freedom House, the Notre Dame GAIN Country index and the Yale environmental performance index - Consulted on April 5th 2022

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