ESG POLICY

AMARON

FUND MANAGEMENT

1. INTRODUCTION

Corporate sustainability starts with a principled approach in conducting responsible business. At a minimum this means meeting fundamental responsibilities in Environmental, Sustainability and corporate Governance matters.

Based on this, Amaron Fund Management (the “Company”) has established this policy for ESG in the management of all alternative investment funds Amaron Real Estate Fund AB will manage (“the Fund").

1.1 United Nations Global Compact

A platform to promote greater corporate responsibility around the world, the United Nations launched the United Nations Global Compact program in 2000 by Kofi Anan. It consists of ten guiding principles business should adhere to:

<u>Human Rights</u>

- support and respect the protection of internationally proclaimed human rights
- make sure that they are not complicit in human rights abuses

<u>Labour</u>

- uphold the freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced and compulsory labour
- the effective abolition of child labour
- the elimination of discrimination in respect of employment and occupation

<u>Environment</u>

- support a precautionary approach to environmental challenges
- undertake initiatives to promote greater environmental responsibility
- encourage the development and diffusion of environmentally friendly technologies

<u>Anti-Corruption</u>

- work against corruption in all its forms, including extortion and bribery

The Company finds these principles unquestionable, and they are incorporated in the business.

2. ESG

The purpose of this policy is to be a guideline for operational decision-making with ESG in focus. The policy highlights the value and beliefs of the organisation and acts as integrated and natural part of the day-to-day business.

ESG is a set of standards for measuring the sustainability and societal impact of businesses. The three central pillars of ESG can be defined as below:

- **Environmental** – how a business’s uses natural resources, how the operations impact the environment and how the company manages climate risk.
- **Social** – how a company manages its business relationships and impact on supply chain, customers, employees, and the communities where they work.

- **Corporate governance** - how the company's board of directors leads, execute compensation and strategic alignment as well as ensures that conflicts of interests are avoided.

Investing in real estate presents two key ESG considerations when compared to other asset classes; the long investment horizon makes most ESG issues more likely to be material when assessed over longer periods. Secondly, many ESG issues play out at a local level, for example extreme weather, water stress and community relations and direct real estate investments are inextricably linked to a specific geographic location. A company can move its operations or choose where it sources materials, but for real estate there is no such flexibility, making the incorporation of ESG issues particularly relevant.

Global warming is a fact, and the consequences will be, and have already proven to be, catastrophic. In December 2015 history was made in Paris when 195 countries agreed to work together to substantially curb global warming. The building sector stands for more than one third of the CO_2-emissions which calls for urgency for the entire industry to focus on this matter. Sadly, according to the Global Status Report for Buildings and Construction 2020, United Nations Environment Programme Finance Initiative (UNEP FI), the CO_2-emissions from the building sector were the highest ever recorded. For the real estate industry, the environmental issues inarguably have the largest impact on portfolio risks and opportunities while being the most easily quantifiable.

The social dimension of ESG calls on you to explore how your assets deliver value for the communities in which they are located is harder to measure on a real estate asset level. Governance has less to do with individual real estate assets, and more to do with how a business is structured and led, and how decisions are made.

Implementing ESG factors in investment management is not only important when it comes to measuring the sustainability but will be key in managing long-term risks of the portfolio and in securing and enhancing a long-term value of the assets. A successful implementation of ESG policies can optimize operational performance, help identifying and mitigating risks and a gain a competitive advantage.

It is essential to understand which factors are material and most likely to affect the business. Identifying ESG issues to determine the risks and opportunities with the assets and to support sustainable and value-creating growth are therefore central in management and investment decision-making practices throughout the duration of the Fund.

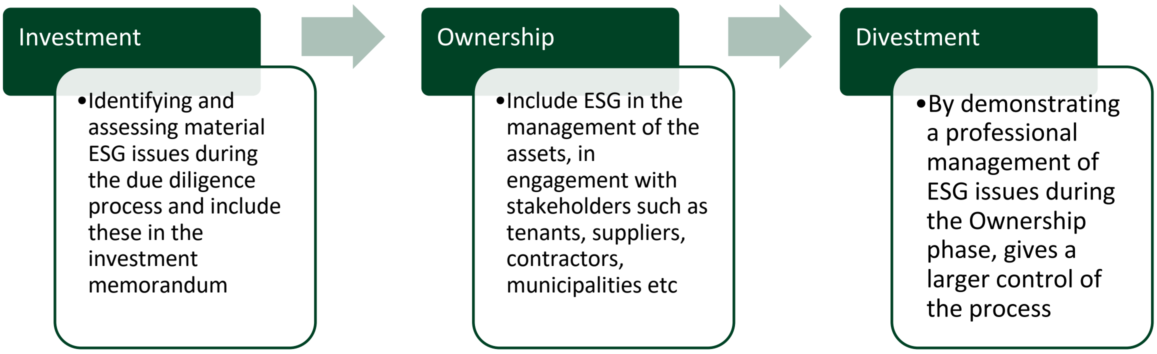
The Company is committed to continuously assess and manage risks when it comes to ESG factors that impact the business and strive to improve operations in accordance with these factors. This includes identifying opportunities to reduce the environmental footprint, having a positive impact on the communities in which the Company and the Fund operates and operating with a strong culture of compliance.

From an economical point of view there is evidence that "greener" properties incur lower operating expenses, support efforts to achieve top of market rents, have fewer vacancy and void periods which vouches for a future-proof value of the asset.

The Company's overall goal is to meet its financial objectives while adhering to Environmental, Social and Corporate Governance (ESG) factors. Managing the ESG risks creates long term value, drives sustainable financial performance and increases shareholder value.

3. RESPONSIBLE INVESTMENT PROCESS

The Company is committed to integrating ESG factors in all stages of the investment process. The stages can typically be described as:



Stage 1 – Investment
When a new investment is coming up the Company will ensure that Fund performs a thorough due diligence that includes ESG factors. It is about assessing the risks and potential for improvements. Common ESG issues that can be assessed during the due diligence process are:

<u>Environmental:</u>

- Energy consumption
- Location and transport
- Land contamination
- Materials
- Hazardous substances
- Potential climate change impact
- Waste management

<u>Social:</u>

- Controversial tenants
- Customer's satisfaction
- Stakeholder relations
- Health and safety
- Community development

<u>Governance:</u>

- ESG clauses in existing leases
- Data protection and privacy
- Compliance with laws and regulation

The ESG findings identified during the due diligence process, including a commentary, shall be part of the investment memorandum to the Company to ensure they are incorporated into the decision-making process. If serious issues have been identified, the commentary can include a plan of how the issues will be remedied.

Stage 2 - Ownership phase
During the ownership phase the Fund will continuously seek to identify ways to improve ESG performance. ESG factors will be included in the business plan for the entire real estate

portfolio. Specific goals will be set, and the business plans will be reviewed yearly. By addressing ESG issues throughout the duration of the ownership phase, the Fund can create value. For instance, higher revenues can be created as buildings with higher ESG performances tends to reduce voids and increase the possibility to charge higher rents. Installing more energy efficient technical equipment can cut costs and by staying ahead of regulatory requirements risks of falling foul of more stringent regulations are reduced.

During the ownership phase the Fund will try to encourage tenants to improve their ESG performance through adding ESG factors into a so called "green lease contract" when leases are renegotiated.

Stage 3 - Divestment
Managing ESG issues and improving performance during the ownership phase can reduce risk and enhance value, which is realised on the asset's sale. Other benefits that a responsible investment approach can yield on sale include:

- identifying and managing material ESG issues – improves control of the process in connection with the divestment phase;
- setting KPIs at the beginning of the holding period – provides evidence to support claims that ESG issues are professionally managed; and
- demonstrating a professional approach to managing ESG issues – can signify that the asset has been well managed.

4. AMENDMENTS

This policy shall be reviewed and established annually by the Board of Directors. A review shall also be carried out when a significant change occurs that affects the Company's ability to continue to achieve the best possible result for the Fund.