



Nrep ESG Policy

Driving real change in real estate

Our Vision and Core Beliefs

The real estate industry faces a pressing challenge: the impact of climate change, escalating carbon emissions, and environmental degradation. NREP is a business vertical of Urban Partners Group covering real estate investment strategies. At Nrep, we envision a future where the real estate industry evolves into a catalyst for positive change, contributing to thriving cities that prioritize human well-being and environmental stewardship. Our fundamental belief rests in the transformative power of sustainable practices within the real estate domain. Through our dedicated efforts, we aim to reshape the industry and address its critical challenges by harnessing innovation, expertise, and our commitment to environmental, social, and governance (the “**ESG**”) values. Aligned with Urban Partners, our vision gains added strength from collaboration with our core verticals: Nrep, 2150 and Velo Capital. Together, we strive to deliver substantial commercial value to our shareholders while driving holistic urban solutions.

This policy is applicable for companies belonging to the Urban Partners Group when managing, sponsoring, or advising real estate funds, including NREP AB and Urban Partners Management Company S.A. acting as the alternative investment fund manager (the “**AIFM**”) of such funds.

Our Shared Mission

Our mission at Nrep is to lead the charge in redefining the real estate landscape. We are dedicated to driving sustainable urban development that seamlessly intertwines environmental, social, and governance (ESG) considerations. Our unwavering commitment to catalyzing positive change is rooted in our responsibility to both the built environment and the communities it serves. We firmly believe that by fusing ethical principles with strategic investments, we can chart a path toward comprehensive solutions that ensure a resilient and responsible urban future. Collaborating closely with Urban Partners, we leverage synergies to amplify the impact of our mission while also creating significant value for our investors.

The Essence of Nrep

Our core objective is to invest in transforming and reducing carbon emissions within real estate. Guided by our impact principles ***'Investing to reimagine – and decarbonize – real estate,'*** we are dedicated to fostering change in the real estate industry. These impact principles encompass:

1. Decarbonize at Scale to Move Our Industry:

We are committed to leading the way in decarbonizing the real estate industry. We prioritize investments that have a significant impact on reducing greenhouse gas emissions. Through retrofits, energy-efficient technologies, and the implementation of advanced environmental standards in new developments, we strive to drive large-scale decarbonization efforts that set a positive example for the entire industry.

2. Invest Where It Matters for All Stakeholders:

We generate meaningful stakeholder value through purposeful investments aligned with our values. We target projects that influence the environment, society, and economy, aligning with investors' interests and community needs. By blending ESG and sound business, we enhance properties with green retrofits and elevate environmental standards in new builds. Our leadership inspires positive industry change. We're dedicated to conserving biodiversity, weaving green spaces, and landscaping into projects for balanced environments that benefit both people and nature.



3. Work Local and Collaborative to Maximize Impact:

We value local collaboration to amplify our impact. Through partnerships with communities, authorities, and stakeholders, we tap into local expertise, enhancing positive change. Our approach centers on social well-being, creating inclusive, vibrant spaces that promote community cohesion and enhance lives. Customer-centric design prioritizes comfort and satisfaction, ensuring our spaces cater to the needs of residents and users.

Nrep's ESG Commitment

Driving real change in real estate

We are resolute in driving real change in real estate, committed to diminishing our carbon footprint and fortifying the built environment. Aligned with the United Nations Sustainable Development Goals (SDGs), our focus spans SDG 3 (Health and Wellbeing), SDG 7 (Affordable and Clean Energy), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 17 (Partnerships). Our pledge drives carbon reduction and environmental resilience, embodying Nrep's ESG commitment. Through retrofits and innovative technologies, we transform urban spaces into models of stewardship. Our investments mirror transparency, ethics, and responsibility, shaping a sustainable future.

We live up to our ESG Commitment in Nrep by:

Environmental

At Nrep, we prioritize our most material environmental topics, which include but are not limited to:

1. **Greenhouse Gas Emissions and Climate Impacts:** We actively address the reduction of greenhouse gas emissions and the mitigation of climate impacts. This involves setting targets aligned with the 1.5-degree Science-Based Targets and making a commitment to achieving net-zero emissions.
2. **Climate-Related Risks:** We assess and manage both physical and transition risks associated with climate change to ensure the resilience of our properties and projects.
3. **Efficient Energy Use:** We strive for efficient energy use throughout our real estate assets, and projects, implementing measures to optimize energy consumption.
4. **Waste, Pollution, and Environmental Hazards:** We are committed to minimizing waste generation, preventing pollution, and mitigating risks associated with environmental hazards.
5. **Biodiversity and Nature Impacts:** We consider the impact of our operations on biodiversity and work towards minimizing any negative effects while promoting biodiversity conservation.
6. **Circular Business Practices and Material Usage:** We embrace circular business practices, aiming to limit material usage and maximize resource efficiency. This involves incorporating circular design principles, promoting recycling options, and reducing waste.
7. **Overall Environmental Footprint:** We actively manage and reduce the overall environmental footprint of our operations, continually striving for improvement. We also establish a robust Decarbonization policy to guide our practices.
8. **Compliance with International Standards:** We are committed to upholding international standards and conventions concerning environmental protection.

In line with these considerations, at Nrep, we implement the following initiatives within our real estate assets, and projects:

- **Emissions of Greenhouse Gases and Climate Impacts:** We aim for carbon neutral energy consumption, reduce energy intensity, replace high emission intensity refrigerants with low-carbon alternatives, and explore on-site renewable energy solutions for feasible assets.
- **Green Building Certifications:** We seek green building certifications for new construction, major renovation projects, and standing investments, ensuring that sustainable design principles and practices are implemented.



- Green Leases: We incorporate green lease provisions into new lease contracts, promoting sustainable practices among tenants and fostering environmentally responsible behavior.

Social

At Nrep, we prioritize various social topics within our real estate assets, and projects. These topics include, but are not limited to:

1. Customer Centricity: We prioritize customer-centric approaches, focusing on understanding and meeting the needs of our customers throughout their journey with us. We strive to provide exceptional experiences and enhance customer satisfaction.
2. Employee Engagement and Satisfaction: We value employee engagement and prioritize fostering a positive work environment that promotes employee satisfaction and well-being.
3. Job Creation: Our investments aim to create employment opportunities and contribute to job growth in the communities where we operate.
4. Health and Safety: We prioritize the health and safety of our employees, tenants, and other stakeholders, ensuring compliance with relevant regulations and best practices.
5. Diversity, Equity, and Inclusion (DE&I): We are committed to fostering diversity, equity, and inclusion in the workplace. We promote equal opportunities, fair treatment, and create an inclusive organizational culture. We promote gender diversity in boards and management teams, striving for equal representation and opportunities. We have a dedicated DE&I Policy guiding our company.
6. Human Rights Compliance: We adhere to international standards and conventions concerning human rights, including child and forced labor, as well as labor rights such as freedom of association and the right to collective bargaining. We have a dedicated Human Rights Policy guiding our company.
7. Inclusive Urban Environment: Our solutions like senior community living (Agorahaverne), serviced community spaces for all generations (Plushusene) and student housing with shared spaces (Umeus) actively contribute to gender-diverse, inclusive urban environments.

In line with these considerations, at Nrep, we implement the following initiatives within our real estate assets, and projects:

- Tenant Engagement and Awareness: We prioritize customer-centric approaches and actively engage and raise awareness among our tenants regarding social and environmental matters and encourage their active participation and contribution.
- Tenant Satisfaction and Well-being: We prioritize tenant satisfaction and well-being, aiming to create a positive and comfortable living environment that meets their needs and enhances their quality of life.
- Positive Impacts on Local Communities: We strive to create positive impacts on the local communities where we operate, contributing to community development, supporting local initiatives, and fostering social well-being.
- POE (Post Occupancy Evaluation): We conduct post occupancy evaluations to assess tenant satisfaction, gather feedback, and identify areas for improvement. This evaluation process allows us to understand tenant needs and preferences better, enhancing our ability to provide high-quality services and improve the overall tenant experience.

Governance

We prioritize various governance topics within our real estate assets, and projects. These topics include, but are not limited to:

1. Compliance and Regulations: We maintain alignment with the latest laws, regulations, and compliance standards relevant to ESG and responsible business practices, including the EU Green Deal. This encompasses frameworks such as the Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD), and the EU Taxonomy, among others.
2. Data Privacy and Security: We prioritize data privacy and security, instilling a culture of trust, responsibility, and best practices within our internal systems, in accordance with applicable data protection regulations.

In line with these considerations, at Nrep, we implement the following governance practices within our real estate, assets, and projects:



- Sustainability Integration in Remuneration: We integrate sustainability objectives into executive remuneration, ensuring that financial incentives align with our environmental and social goals, in accordance with relevant regulations.
- ESG-Related Risks Oversight and Management: We ensure effective oversight and management of ESG-related risks by our board of directors and/or management teams, taking into account regulatory requirements and guidelines.
- Business Ethics and Good Governance Practices: We adhere to high ethical standards and good governance practices. This includes the establishment of Supplier Code of Conduct for our operations, a zero-tolerance policy for bribery and corruption, and the implementation of appropriate policies and processes related to data privacy, cybersecurity, whistleblowing, and fair tax strategy, in line with regulatory obligations.
- Supply Chain Management: We actively manage our supply chain, giving due consideration to ESG-related risks and ensuring that our suppliers align with our environmental, social responsibility, and ethical practices. This includes evaluating suppliers' adherence to the EU Green Deal requirements and other relevant standards.
- Promotion of UN Sustainable Development Goals (UN SDGs): We actively promote and support solutions that contribute to achieving the UN SDGs, integrating them as an integral part of our fund-level ESG objectives, while considering the requirements and guidelines of the EU Green Deal.

We Operationalize our ESG Commitment by:

The Delivery Model

Our Delivery Model serves as the foundation for assessing, planning and operationalizing ESG considerations in our assets. It encompasses our sustainability purpose and vision into defined targets, providing clear guidance and methodologies that support decision-making from the acquisition stage through the entire asset ownership life-cycle. The main objective of our Delivery Model is to translate our sustainability commitment into clear guidance and methodologies, which support decision making in the acquisition stage and throughout the asset ownership life-cycle.

The Delivery Model ensures holistic ESG integration from initial investment to asset management, comprised of strategic frameworks: Sustainability Due Diligence (SDD), Sustainable Development Performance Standards (SDPS), and Sustainable Action Plans for Standing Assets (SAPSA). Importantly, it allows us to systematize and effectively scale impactful solutions to reduce carbon emissions and other material sustainability topics - both at portfolio and at asset level.

Sustainability Due Diligence

We have developed a Sustainability Due Diligence (the “**SDD**”) framework, which guides the mandatory sustainability analysis for investment cases that are presented to the respective AIFM’s investment committee (the “**Investment Committee**”) which is a body responsible for making investment decisions. The SDD process includes a detailed assessment of risks and value creation opportunities which is a mandatory part of all investment decisions. Identified risks are in subsequent steps investigated in more detail to understand if they can be managed and/or mitigated by creating both pre- and post-mitigation assessments.

- The SDD process consists of concrete targets to be met. Criteria such as:
 - Assessment of physical climate-related risks and considerations
 - Compliance with CREEM pathway
 - Potential for significant energy efficiency improvement and reduction of operational carbon emissions intensity
 - Life-cycle assessment and upfront embodied carbon emissions intensity assessment and optimization
 - Screening of existing, and assessment of potential, to enhance biodiversity and ecosystems
 - Screening of adaptability of the building without significant changes to the load-bearing structures
 - Screening of building materials’ robustness and longevity



- Screening of hazardous materials and contaminated land as well as indoor climate conditions
- Assessment of and collection of utility, waste and ESG master data
- Human rights risk assessment and ensuring partners comply with Nrep's supplier code of conduct
- The Investment Committee will review key findings from the SDD as well as core elements of the mitigation and impact plan. Following an investment approval, the implementation of post-mitigation and improvement plans as well as ongoing evaluation centers around our operational sustainability frameworks specifically designed for developments and standing assets.
- The SDD tools are reviewed by the central sustainability team on an ongoing basis to ensure alignment with NREP's ambition and compliance requirements.

Developments

For development assets and new builds we have outlined the Sustainable Development Performance Standards (SDPS) and templates which establish our baseline requirements and priorities for sustainable building design which are aligned with LEED, BREEAM, and DGNB certification schemes.

- All developments shall be either LEED Gold, BREEAM Very Good or DGNB Gold certified at minimum.
 - The SDPS can be adjusted to reflect project-specific limitations or opportunities while still achieving certification levels. Concrete templates are available to help teams take action
- We have introduced Life cycle assessment (LCA) as mandatory for our new builds and retrofits focusing both on the embodied and the operational carbon to achieve GHG reductions throughout the building design, construction and operation.
- We demand environmental product declaration on building materials, and work systematically with a range of building design levers such as optimized space utilization, biogenic and low carbon building materials, design for disassembly and reuse.

Standing Assets

For our standing assets, we have introduced the Sustainable Action Plans Standing Assets (SAPSA). SAPSA is a set of criteria and documentation requirements that will ensure impact and compliance with critical frameworks such as GRESB, as well as our own targets.

- We introduce better operational systems, such as integrated energy systems (on site production of renewable energy, energy storage, heat recovery and electrified heating and cooling systems) and strategically working with procurement of renewable energy.
- We implement ESG management and reporting platform across our portfolio, enabling us to streamline the automation of ESG data delivery and analysis. This platform empowers us to enhance our ESG practices and drive positive impact.

For Portfolio assets that are not controlled or otherwise not in scope, we seek to encourage participation in our firm-wide ESG programs, offering resources and expertise to support implementation and improvements.

Sustainability Risk Monitoring

Sustainability Risk refers to ESG factors that, if they occur, could cause an actual or a potential material negative impact on the value of the fund's investments. An action plan for handling the sustainability risks and opportunities identified in the SDD is incorporated into the investment decision-making process and as an integral part of the business plan for the investment.

Sustainability risks are included in both the general risk analysis section and the ESG section presented to the Investment Committee. Sustainability risks that have been identified during sourcing and screening stages are subsequently flagged and **prompted** in our systems, thus ensuring coherence and



continuity across transitions between transaction, development, and portfolio teams for implementation of agreed mitigating actions and ensuring relevant risks are adequately monitored on ongoing basis and addressed in the quarterly risk monitoring process.

Ownership Approach

We have in-house asset management teams that help ensure the highest level of quality, control and efficiency and gain in-house learning for future development. For most assets, tenants are responsible for managing energy, electricity, water use and waste management. We have a collaborative approach with tenants to jointly agree measures to improve the footprint of the assets. Energy and resource efficient buildings are both important elements in creating long-term relationships with our tenants.

By having an operational approach, we get to know the user directly and is able to design products with them in mind. Our ambition is to facilitate higher standards of living and create value by taking ownership of the value chain with higher efficiency and flexibility. We work closely with the communities where we operates to ensure that all developments and investments are aligned with local needs and values. We strive to create positive social impacts by supporting local initiatives and organizations that address social needs, promote education and health, and foster economic growth.

We drive value growth by having the necessary internal capabilities in target segments and strategies. We identify structural tailwinds and researches customers' needs in underserved segments, and then methodically builds market leading in-house capabilities to better serve those needs.

Exit

When preparing to divest an asset we summarize the ESG performance of the investment using qualitative and quantitative data and provide a holistic understanding of how we created value and managed the investment during the holding period. The data is also included in our Delivery Model Framework, SDPS and SAPSA including the certification scheme applicable for the asset.

We drive ESG Excellence within Nrep by:

Governance

- **Legal compliance:** We prioritize compliance with applicable laws, regulations, and industry standards. Through robust risk management processes, we identify and mitigate risks associated with our operations, ensuring that we operate within legal and ethical boundaries.
- **Code of Conduct:** Our Supplier Code of Conduct is embedded in our contracts, ensuring that all our business partners are aware of and committed to upholding our ethical and responsible practices. This contractual integration emphasizes our commitment to ethical conduct and creates a framework for accountability.
- **Health and Safety:** Nrep's Health and Safety Standards outlines our expectations regarding health and safety for both our employees and business partners. This policy ensures a safe and secure working environment, reflecting our commitment to the well-being of all stakeholders involved in our operations.

Transparency & Reporting

- **GRESB Reporting:** We prioritize GRESB (Global Real Estate Sustainability Benchmark) reporting, which allows us to assess and benchmark our ESG performance against industry standards. This reporting framework helps us measure and track our progress in various ESG areas.
- **Impact Report:** We publish an annual Impact Report that provides a comprehensive overview of our ESG program and highlights the positive outcomes and impacts achieved. This report serves as a transparent communication tool to share our progress, goals, and initiatives with our stakeholders.



Monitoring and Target setting

- **Real-Time Emissions Tracking and Target Monitoring:** We employ real-time monitoring systems to track operational emissions and closely monitor progress towards our ESG targets on a per-asset basis. This enables us to identify areas for improvement and take proactive measures to minimize our environmental footprint.

We manage Duties, Roles and Responsibilities on Operational Practices by:

At Nrep, our ESG practices are orchestrated through a well-defined network of duties, roles, and responsibilities. With these mechanisms in place, we integrate our ESG commitments into our business planning, prioritize tenant engagement, and establish a culture of continuous improvement, reinforcing our commitment to creating a sustainable built environment.

- **Country Sustainability Managers:** We have dedicated Country Sustainability Managers overseeing ESG practices within each country where we operate. These managers play a crucial role in ensuring consistent implementation of sustainability initiatives across the portfolio.
- **Quarterly Sustainability Meetings:** The quarterly sustainability meetings bring together representatives from different countries and business lines within NREP. This platform serves as a means to share best practices, discuss challenges, and collaborate on ESG initiatives across the organization.
- **ESG Integration in Business Planning:** Sustainability considerations are fully integrated into our business planning process. ESG criteria guide investment decisions, project development, and ongoing portfolio management, aligning with our sustainability vision.
- **Continuous Improvement Culture:** We foster a culture of continuous improvement in sustainability practices. Feedback mechanisms, lessons learned, and stakeholder engagement enable us to refine our strategies and enhance our sustainability performance over time.

By implementing these operational practices, we ensure that our ESG principles are embedded in our day-to-day operations, enabling us to drive positive change, make informed decisions, and contribute to a more sustainable and resilient future for real estate and the communities we serve.

Ownership and Review

Nrep will review the policy on a periodic basis and update as necessary with the aim to constantly improve our ESG impact.

Owner	Legal Basis	Amended	Date	Version
Global Head of Sustainability and Construction	Urban Partners A/S	Minor update	July 2024	2.0