

Socially Responsible Investment Policy

OUR VISION

CONTEXT

AEW believes that a sustainable and socially responsible approach to real estate investment management both protects and enhances the value of our clients' assets, now and in the future.

We are fully aware of the impact of our activities on environmental and social issues both from our own business and our investment, asset management and development activities. To this end we are committed to implementing a comprehensive European Socially Responsible Investment (SRI) policy. By doing so we expect to meet our stakeholders' expectations, whether they are clients, tenants, providers, employees, or any other individuals with whom we interact.

Our policy is aligned with the international climate agreement signed in Paris in December 2015 as climate change is a major challenge for humanity that poses important risks and creates opportunities for the real estate industry. The real estate sector in Europe accounts for some 40% of total energy consumption and about 25% of greenhouse gases (GHG) emissions.

WHO WE ARE

AEW is one of the world's largest real estate asset managers, with its main offices located in Boston, London, Paris and Hong Kong. AEW offers a wide range of real estate investment products including comingled funds, separate accounts and securities mandates across the full spectrum of investment strategies. AEW is a subsidiary of Natixis Investment Managers, the asset management platform of the Natixis group.

In Europe, AEW manages real estate assets on behalf of a number of funds and separate accounts and has a long track record of successfully implementing core, value-add and opportunistic investment strategies on behalf of its clients.

OUR COMMITMENTS

We are undertaking the following SRI commitments, based on the Environment – Social - Governance (ESG) criteria:

ENVIRONMENT

- to reduce the adverse impact of our activities on the environment (by monitoring the GHG emission of AEW offices, encouraging the use of public transportation, reducing the energy, paper, water & waste consumption of AEW offices, as examples)
- to propose a long-term plan to reduce the consumption of non-renewable resources in the buildings we manage and by determining specific targets at fund or asset level as required by investors
- to propose to investors specific action plans to adapt their portfolio to climate change risks and opportunities
- to implement renewable energy production systems where appropriate
- to evaluate and anticipate risks to the natural environment
- to consider ESG issues when making investment, asset management and development decisions

SOCIAL

- to recognise and take into account the interests of our stakeholders, whether they are clients, tenants, providers, employees or any other individual with whom we interact
- to respect human rights
- to respect diversity and equality
- to recognise the importance of and contribute to the health, safety, well-being and development of our employees
- to recognise the importance of and contribute to the health, safety and well-being of our tenants and service providers
- AEW is committed to supporting a number of humanitarian organisations and has in place a Charity and Social Committee through which appropriate charitable initiatives are selected and supported

GOVERNANCE

- to have in place and respect a Code of Ethics and display ethical behaviours as employers and as a leading real estate investment organisation
- to respect international best practices such as the Principles for Responsible Investment (PRI), the Bribery Act and regularly monitor compliance of the organisation with such best practices/legislation
- to promote an SRI culture within the organisation by ensuring that responsibility is held at the highest level within the company and that a dedicated SRI committee is in place
- to report and communicate on SRI matters to investors where appropriate
- to monitor and assess the implementation of our SRI policy by means of external audits and surveys including PRI and GRESB
- when appointing service providers, including property managers, to undertake a thorough selection process which ensures compliance with our SRI policy
- to ensure compliance with the requirements and expectations of our investors by anticipating, managing and proposing innovative solutions to satisfy our legal requirements in all areas of SRI

Integrating SRI into the AEW UK investment process

Introduction

AEW has committed to abide by the UN's Principles for Responsible Investment (PRI) where these are consistent with the operating guidelines agreed with individual clients. Where consistent with the fiduciary responsibility of always acting in the best long term interest of the investor, through AEW, AEW UK commits to abide by the UN's Principles for Responsible Investment (PRI). AEW has been a signatory of UNPRI since 2009.

As part of AEW, the AEW UK team is committed to creating long term value for investors and adheres to a policy of sustainable and socially responsible investment (SRI). Our approach puts investors' interests first with a focus on strong corporate governance, process transparency, clear communication and team stability through ownership.

Over the coming years we believe that both occupiers and investors will increasingly focus on the way in which environmental, social and governance (ESG) issues are managed. In turn, this is expected to impact on building obsolescence, lettability, rates of lease renewals and ultimately the rental and capital values for individual assets. In recognition of this, AEW UK believes in open disclosure of ESG performance through participating in the Global Real Estate Sustainability Benchmark (GRESB), where this is important to investors.

SRI and AEW UK's fiduciary duty

Our fiduciary duty to investors will always come first in all investment decision-making. AEW UK offers clients long-term value-based real estate investment solutions. This is delivered via stock selection and asset management of UK commercial real estate. It is AEW UK's belief that this financial objective can be achieved simultaneously with a constructive engagement with environmental and social concerns.

Implementation in practice

AEW UK believes environmentally responsible fund management means being active, on the ground every day. As such, our funds operate within an ISO14001 Environmental Management System to align and integrate sustainability objectives into the overall business strategy. To give our stakeholders an idea of what we are doing, listed below are some of the cross-cutting sustainability objectives that demonstrate how we fully implement responsible property investment in practice:

Property Operations

We maintain our buildings with consideration for the surrounding environment and community. During asset enhancement, construction and preventative maintenance programs, we encourage the use of environmentally friendly materials and supplies, if they are cost and quality equivalent to other options. For example, for all demolition work we endeavour to recycle and re-use aggregates on site, rather than transport building waste elsewhere. We carry out annual audits, aiming to ensure our buildings comply with all current regulations and protect the health and safety of our tenants and visitors.

Tenant/Landlord Relationships

AEW UK encourages all tenants to act in a socially and environmentally responsible manner. Where tenants have their own SRI policies we work with them to ensure they can be implemented in the buildings and land they lease from us. We also require all external service providers to work with us in the implementation of our SRI objectives.

Environmentally Friendly Alternatives

The following are examples of environmentally friendly options we ask our Managing Agents to consider. This is not meant to be an exhaustive list and individuals are encouraged to seek other alternatives to support the AEW UK SRI statement, given they are cost and quality equivalent.

Waste: We will encourage employees and staff to practice the 3 "Rs", i.e. reduce, re-use and recycle (glass, plastics, cans, paper, cardboard, packaging, etc.) through awareness programs, signage and appropriate facilities. We aim to reduce the solid waste produced from premises by using resources more efficiently and improving recycling schemes and compacting cans, boxes and packaging prior to disposal.

Water: Install flow restricting devices in taps, showers, toilets and water-efficient appliances and equipment

Wood and paper: Purchase wood products which come from sustainable sources or are made from reclaimed timber. Reduce overall consumption of paper, introduce lighter weights of paper for printed forms and leaflets, use re-cycled paper whenever possible, use double-sided photocopying and environmentally friendly inks.

Energy: Reduce energy consumption through programmes such as "Switch Off" and 'Put your Building to bed' which encourage tenants and staff to turn off lights, computers, etc. Use energy saving sensors to automatically switch off power when items are not in use (computers, lights, photocopiers, heating, etc.) Buy energy efficient equipment.

Cleaning and other chemical materials: Use cleansing materials with low environmental impact over their life cycle, minimise the use of products with harmful chemicals and non-biodegradable contents, minimise the use of pesticides and artificial fertilisers and use natural materials when possible.

For further information on AEW Group's Corporate Responsibility, see www.aew.com/responsibility.