

A photograph of three wind turbines in a field under a blue sky with scattered clouds. The turbines are white with red and white striped blades. The foreground is a blurred green field.

NORTHERN HORIZON GROUP RESPONSIBLE INVESTMENT POLICY

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1. Introduction

At Northern Horizon Capital A/S and its subsidiaries (“**Northern Horizon**”) we acknowledge that our real asset activities affect the society and environment around us, and that we have an opportunity and responsibility to ensure this impact is positive. We also believe that efficient and sustainable operations are a necessity for long-term value creation. Consequently, we are committed to taking responsibility when conducting our business by integrating environmental, social and governance (“**ESG**”) factors into our investment decisions and operational processes. This document outlines the main ESG guiding principles and steps that are applicable to business operations of Northern Horizon.

2. Guiding Principles

To govern our sustainability efforts, Northern Horizon has defined 10 ESG guiding principles (“**Guiding Principles**”) applicable to the Northern Horizon group and to the funds/vehicles we manage. All funds/vehicles launched by Northern Horizon will aim to act in accordance to this Responsible Investment policy and its Guiding Principles, unless decided otherwise by Northern Horizon or relevant stakeholder groups. Funds/entities might choose to follow adjusted list of Guiding Principles or even have a separate responsible investment policy if such requirements are made by stakeholder groups of the fund/entity or decided by Northern Horizon. However, this Responsible Investment policy and Guiding Principles will form the foundation of Northern Horizon’s approach towards sustainable business operations.

The Guiding Principles of this policy are as follows:

1. We actively contribute to the alignment of our business activities with the broader objectives of society by ensuring that those activities respect and, where possible, benefit society and the environment.
2. We have an appointed ESG Task Force with clear responsibilities for setting objectives, monitoring, action and review of ESG aspects, just as ESG is part of the responsibility of every fund manager.
3. We recognize our responsibility to national and international ESG legislation by monitoring present compliance and actively managing risks of future proposed ESG regulation.
4. We integrate ESG factors into our investment process and investment management through investment lifecycle and prioritize measures that improve ESG aspects.
5. We set long-term targets for ESG aspects identified as material to our managed funds/entities.
6. We measure, monitor and report on ESG aspects, where relevant against targets, once a year.
7. We share data and best practices internally and with our stakeholders as part of our engagement to increase ESG awareness, learn and motivate others to take responsibility.

8. We support and participate in leading industry standards to enhance transparency, knowledge and impact of ESG within the real estate sector.
9. We survey our own internal performance on ESG, in particular the qualifications, integrity and wellbeing of our staff in respect of our role as entrusted financial manager.
10. We employ comprehensive and holistic processes for ESG related risk assessments and incorporate these risks into our business strategy.

Implementation of the principles is explained further below.

3. Implementing the Guiding Principles

To ensure the effective implementation of the Guiding Principles, the following operational instructions are offered to the management and employees of Northern Horizon:

Principle 1: Alignment

1. The CEO will report to the Board of Directors of Northern Horizon (“**Board**”) at least once a year on the status of ESG in light of overall business activities.
2. The review shall include internal assessments year-on-year and, if possible, assessments against peers as well.
3. Northern Horizon will review this policy at least once every year and align principles of this policy with the wider goals and objectives of its stakeholders and wider society.

Principle 2: Management

1. Overall responsibility for this policy lies with the CEO.
2. To ensure its implementation, an ESG Task Force shall be appointed by the CEO comprising:
 - a. CEO or other members of C-suite staff;
 - b. an ESG team leader;
 - c. fund managers of selected funds;
 - d. and any other member(s) from Northern Horizon, the CEO deems appropriate, such as C-suite level staff, analysts and/or other relevant staff.
3. ESG Task Force will meet once per quarter to discuss progress and all relevant ESG developments and improvements for both individual funds/entities and Northern Horizon.
4. The ESG Task Force is responsible for implementing this policy as well as reporting to other relevant functions, including the CEO, on ESG for the purpose of overall compliance reporting, strategic review and business response.
5. Each fund manager is responsible for ensuring fund/vehicle and asset compliance with this policy in collaboration with the Task Force.

Principle 3: Compliance

1. Together with the ESG Task Force, Risk Management and Compliance will monitor key ESG legislation developments, alerting the fund managers to upcoming changes that may affect investments (planned and present).

Principle 4: Investments

1. ESG factors are to be considered as part of any due diligence process on a targeted investment and a summary conclusion provided as part of the investment proposal.
2. For the purpose of assessing issues of ESG in relation to investments, special-purpose questionnaires will be used to address and document ESG as part of the due diligence process. This questionnaire will cover relevant ESG topics including but not limited to:
 - a. Assessment of energy performance – energy supply and access to renewable energy, sources of energy consumption data, energy ratings, building certification, emissions and other relevant topics and as laid down in applicable regulation;
 - b. Assessment of environmental aspects – building materials, contamination, water efficiency, water supply, waste management and other relevant topics;
 - c. Assessment of social aspects – building safety, indoor environmental quality, health and wellbeing, green clause provisions, tenant and landlord ESG collaboration, other relevant topics;
 - d. Risks associated with new construction and renovations – site selection, biodiversity, developer selection, waste management, building materials and other relevant topics;
 - e. Other topics – access to transport links, regulatory risks, review of climate change related transition, physical and social risks.
3. Northern Horizon will use best efforts to include green lease clauses in all new lease agreements and renewals of existing leases. Possible green lease clauses might include agreements of consumption data sharing, landlord assistance in relation to refurbishment projects and other matters related to ESG coordination.
4. ESG impacts (costs and income) are to be incorporated into applied financial investment models.
5. Funds/entities managed by Northern Horizon will incorporate ESG related items to the annual budgets of both the fund/entity and at property level to cover following items:
 - a. Property level upgrades, as applicable, to reduce energy and water consumption, improve waste management, decrease property level emissions or other property level upgrades resulting in a more efficient operations of the building;
 - b. Advisory costs related to guidance on ESG specific topics such as reporting, ESG risk assessment and performance measurements;
 - c. Other costs related to ESG strategy.

Principle 5: Targeting

1. As part of product formation, funds/entities managed by Northern Horizon shall be subject to written objectives and performance targets, related to ESG. Management team of the fund/entity will take efforts to incorporate objectives and performance targets that are relevant to the main stakeholder groups.
2. Unless otherwise decided by the Board, all funds/vehicles are subject to ESG targets.
3. Each fund manager is responsible for defining long-term ESG objectives and performance targets for respective funds/entities. All objectives and performance targets must consider material impact on the

value of the portfolio and its stakeholders. The ESG Task Force shall offer guidance on appropriate targets.

4. Fund managers are responsible for tracking ESG performance, in collaboration with the ESG Task Force.
5. Senior staff of Northern Horizon will have performance targets defined and reviewed annually during performance reviews. Northern Horizon will raise performance targets to the following groups of staff:
 - a. C-suite level staff (CEO, CFO, directors, etc.): individual performance targets for C-suite level staff will be associated with ESG improvements on the entire Northern Horizon group level;
 - b. Investment teams (fund manager, portfolio manager, etc.): individual performance targets of investment teams will be directly associated with performance improvements of the portfolio under their management.

Principle 6: Reporting & Disclosure

1. All data relevant to ESG will be periodically collected, and where possible benchmarked to assess both absolute and relative performance. To the extent possible, Funds/entities will collect data across four data categories at minimum:
 - a. Energy consumption including renewable energy;
 - b. Water consumption;
 - c. Greenhouse gas emissions (such as CO₂, CH₄, N₂O or other);
 - d. Waste management.
2. All new funds/entities managed by Northern Horizon will be subject to ESG performance monitoring and reporting, to the extent possible by specific strategy of a particular fund/entity. Funds/entities will report on ESG performance at least once per annum in a form of a standalone ESG report, section in the annual report or any other applicable means. Where applicable, ESG related disclosures will be aligned with applicable regulation and market accepted reporting standards.
3. All performance and consumption data should be processed and stored by using appropriate tools and in accordance with preferred industry metrics and standards. Such processing can be external.
4. Northern Horizon shall disclose a statement on the 10 principles of this policy along with a reference to the industry frameworks to which the group subscribes on its corporate website.

Principle 7: Communication & Collaboration

1. The ESG Task Force and fund managers collaboratively shall seek to engage with key tenants and/or property managers periodically on matters of ESG.
2. Fund managers may share data with stakeholders on best practices and peer performance to encourage and facilitate self-action.
3. Northern Horizon will include ESG specific requirements in its procurement and tendering processes both at group and fund/entity level. ESG specific requirements of tendered parties, among others, might include assessment of internal processes and policies of the party relating to business ethics and environmentally friendly business practices, assessing application of market wide labor standards and other.
4. Fund manager shall make reasonable efforts to ensure access to all relevant ESG data and stakeholder commitment through surveying, goodwill dialogue, and/or contract negotiations.

Principle 8: Industry

1. Northern Horizon or funds/entities managed by Northern Horizon subscribe as members and signatories to the following leading ESG frameworks:
 - a. INREV Compliance Framework;
 - b. UN Principles of Responsible Investment (PRI);
 - c. Global Real Estate Sustainability Benchmark (GRESB).

Principle 9: Internal

1. Northern Horizon is committed to monitoring the health, satisfaction and well-being of its staff through:
 - a. Employee satisfaction and well-being surveys, registration of sick leave, vacation and general staff turnover;
 - b. Individual career development, training and performance is addressed through regular performance reviews.

Principle 10: Risk Management

1. Funds/entities managed by Northern Horizon will take measures to systematically track and monitor ESG and climate change related risks by employing market accepted standards and practices. Monitoring of ESG risks will cover following types of risks:
 - a. Transitional risks: risks associated with decarbonization of economy and challenges associated with these changes such as changes in legislation, access to green energy, social risks and other;
 - b. Physical risks: risks associated with physical standing of the buildings due to changing climate patterns such as risk of flooding, tornadoes, fires and other;
 - c. Other risks: other relevant risks associated with economic shift to a low-carbon economy.
2. All new funds/entities launched by Northern Horizon will include assessment of ESG and climate change related risks to their investment strategy.

4. Net Zero Target

Northern Horizon and its managed funds/entities aim to achieve net zero carbon emissions from its operations by 2030 (including carbon offsets). This means that all asset portfolios managed by Northern Horizon will aim to be energy efficient and will aim to use on-site and / or off-site sources of renewable energy, as defined by World Green Building Council. Northern Horizon will aim to achieve this target by:

- Phasing out energy sources with high carbon footprint and gradually shifting to renewable sources of energy;
- Increasing energy efficiency of buildings to reduce overall energy consumption.

Northern Horizon will update on the progress of this commitment as described in principle 6. Reporting & Disclosure.

5. Updating and Amending

This Policy shall be reviewed once a year, and updated whenever needed, by the Board of Directors of Northern Horizon or the Compliance Board.