

CT Europe Residential FCP-RAIF

ESG Sustainability Risk Policy

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Introduction

This is the ESG Sustainability Risk Policy (the “**Policy**”) for CT Europe Residential FCP-RAIF (the “**Fund**”). The firms involved in operating the Fund believe in the importance of taking a responsible approach to investment.

The Fund is managed by Sanne LIS S.A. (“**LIS**”) supported by Columbia Threadneedle PM Limited (French Branch) and CT Real Estate Partners GmbH & Co KG (“**Columbia Threadneedle REP**”) in their capacity as investment advisor.

LIS and Columbia Threadneedle REP are both subsidiaries of companies that are signatories to the UN Principles for Responsible Investment (“**PRI**”). The PRI is recognised as leading global network for investors committed to integrating environmental, social and governance (“**ESG**”) considerations into investment practices.

While LIS and Columbia Threadneedle REP each has its own policies and approaches, this document describes LIS and Columbia Threadneedle REP’s combined approach to integrating sustainability risk management into investment decision making, and how the adverse impacts of investment decisions are accounted for in relation to the Fund.

The Fund’s approach to ESG

Whilst, the Fund promotes environmental or social characteristics, it does not have sustainable investment as its objective.

ESG Mission

In managing the Fund, LIS will utilise and promote the Fund’s ESG Ambitions (as defined below) within the implementation of the investment strategy in order to encourage and support the creation of sustainable rental homes that are environmentally optimised, contribute positively to the carbon agenda and engage with residents and other connected stakeholders to promote and create thriving communities community wellbeing.

Sustainability risk

A sustainability risk is any ESG event that, if it occurs, could or will have a material negative impact on the value of investments made for the Fund’s clients. In the rest of this document, sustainability risk is described as “ESG risk” and integration of sustainability risk is described as “ESG integration”.

The Fund’s approach has evolved as markets have developed resulting in greater access to information to help identify, measure, and manage these risks.

Adverse impacts of investment decisions

All investment decisions in relation to the Fund broadly consider the principal adverse impacts of those decisions on sustainability. This document describes how we identify, assess, measure and mitigate these impacts.

Scope of this Policy

The Policy covers all investment activities and proposed investments undertaken in relation to the Fund. It therefore applies to the investment decisions made by LIS and the investment recommendations made by Columbia Threadneedle REP.

ESG risk identification and integration

ESG integration is the consideration of financially material ESG factors in the course of investment analysis and decision making to gain a more comprehensive understanding of both the risks and the long-term opportunities arising from these factors.

Opportunities

Recognising the essential nature of providing long term rental accommodation, LIS has identified the following ESG Ambitions to promote and enable the delivery of sustainable rental homes:

- resilient buildings – environmentally optimised factoring in climate risk and operational efficiencies;
- carbon aware – building fabric, operations and supply chain; and
- community oriented – connected stakeholder engagement,

(the “ESG Ambitions”).

Risks

In seeking to provide the stated positive social outcomes, the Fund takes a holistic approach to ESG, integrating environmental, governance and wider social considerations into the investment decision-making process and on an ongoing basis. Columbia Threadneedle REP conducts analysis for LIS to consider. Columbia Threadneedle REP engages a number of external specialist consultants to consider ESG risks and opportunities as part of acquisition due diligence which is fed into its advice to LIS.

The Fund uses a proprietary responsible property investment framework and appraisal methodology to capture and integrate ESG risks and opportunities into the individual business plan for each directly held property asset. This process will enable the management of asset risk, protection of income yields and support for the long term returns produced by real estate assets.

The combination of the team and the framework and the methodology allows ESG risks and opportunities to be considered holistically during the acquisition, construction, management, leasing, refurbishment and disposal stages of the property investment cycle.

How we assess ESG risks

ESG risk in the Fund is assessed through a number of policies, processes, frameworks and benchmarks which include the following:

- **Screening for environmental risks and opportunities:** ESG due-diligence covering flood risk, contamination risk, energy efficiency rating;
- **Sustainable fit-out and operation:** set prescribed targets around flexibility, adaptability, and key environmental impact areas;
- **Regular asset ESG appraisal:** review interventions made and forward plan asset ESG strategy in line with financials;

- **Screening against carbon profile and renewables mix:** establish energy use intensities, extent of renewables generation and capture, evaluate opportunities to improve;
- **Embodied carbon:** support low carbon design choices and materials selection and promote use of local supply chains;
- **Green lease obligations:** encourage occupiers to sign green leases with clauses that support the asset management ESG strategy;
- **Demographic trends:** understanding local appeal, ambition, preferences and infrastructure and position accordingly;
- **Promotion of inclusive culture:** set processes and criteria that encourage a diverse mix amongst all connected stakeholder groups;
- **Stakeholder surveys and community feedback:** formalise clear methodologies, frequencies and accessible channels to stimulate and circulate constructive opinions.

Management of the adverse impacts of investment decisions

By adopting the systematic and explicit inclusion of specific ESG factors into investment decision-making processes, LIS aims to minimise any adverse sustainability impacts whilst promoting and encouraging sustainable development and operations in partnership with connected stakeholders, including municipalities, developers, operational partners and residents.

The Fund's operational and due diligence processes consider the material, or potentially material, adverse impacts of investment decisions and advice on the following factors in a way that takes due account of the size, nature, and scale of the Fund's activities:

- environmental, social employee matters,
- respect for human rights,
- anti-corruption and anti-bribery matters.

Information on principal adverse impacts on sustainability factors is available in the Fund's annual reporting.

Monitoring

The ongoing ESG credentials and performance of each individual property is formally reviewed through an annual sustainability appraisal .

Emerging risks and opportunities and market intelligence is established through active participation in collaborative industry groups. The Columbia Threadneedle REP sustainability team assists with the ongoing analysis of the portfolio and opportunities and shares findings with LIS.

The Fund pursues a number of outputs and outcomes which are monitored throughout the investment lifecycle.

Governance and Oversight

LIS is responsible for the oversight of this Policy and will work with Columbia Threadneedle REP to ensure that it is implemented effectively. Ultimately, decisions about investment policy are approved by the Fund's FCP-committee.

Within Columbia Threadneedle REP, responsibility for the oversight of the firm's responsible investment strategy, ESG integration, and ESG risk management lies within the Investment Committee.

Reporting

We regularly disclose our responsible investment and ESG risk management activities. These disclosures include the following in addition to any further reporting as agreed between the Fund and any investor:

- Quarterly to investors as part of our standard reporting;
- Annual ESG Reporting of the Fund

Review

This Policy will be reviewed and approved on an annual basis by LIS.