

Pre-Contractual Sustainability Disclosures for Irish Property Fund 2022

December 2022

Version 1.0

Helping people build
better futures

Introduction

At Irish Life, we believe in doing right by your money by helping build a better future for all.

Through Irish Life Investment Managers (“ILIM”) we invest your money in a responsible way that benefits you and the planet.

Product Name: IRISH PROPERTY FUND

Legal Entity Identifier: YV6S3OE6EWZYI2FFW31

Status under the EU Sustainable Finance Disclosure Regulation (SFDR)

There are new rules which require any fund which promotes environmental and/or social characteristics to provide detailed sustainability related disclosures to prospective customers.

As this Fund has been categorised as meeting the provisions set out in Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR), this report provides further detail on what the sustainability related goals of the Fund are and how the sustainability related goals of the Fund are met.

Investment Objective

The Irish Property Fund is an actively managed Property Fund, which gives investors exposure to Irish Commercial Property. The Fund is invested in a well diversified spread of commercial properties with a mix of office, retail and industrial properties. The properties are let on long-term leases to a portfolio of blue-chip tenants. This gives the Fund a steady and secure source of income.



Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

- | | |
|--|---|
| <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __%</p> <p style="padding-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="padding-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%</p> | <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments</p> <p style="padding-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="padding-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="padding-left: 20px;"><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p> |
|--|---|

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

This Fund specifically aims to:



1. Reduce the impact of the Fund on Climate Change relative to Global Real Estate Sustainability Benchmark (GRESB). GRESB is a widely adopted system to assess and benchmark the ESG performance of real assets including real estate in order to provide a standardised and independent assessment of performance.



2. Maintain and improve the Fund's overall sustainability scores (relative to the Global Real Estate Sustainability Benchmark).

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The environmental and social characteristics are promoted through the specification of the buildings and their systems, measurement and management of greenhouse gas emissions, energy use, water usage and waste disposal.

The indicators used to measure the outcomes of this approach are:



Reduce the impact of the Fund on Climate Change

(relative to GRESB)

- > Reduction in carbon intensity of the portfolio versus GRESB regarding Building Certification
- > Reduction in fossil fuel involvement of the portfolio versus GRESB regarding Energy



Maintain and improve the Fund's overall sustainability

(relative to GRESB)

- > Improvement in the scores in the GRESB reporting under the Risk Management and Reporting headings

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable (N/A), this Sub-Fund does not commit to making sustainable investments or Investments aligned with the EU Taxonomy.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

N/A, this Sub-Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

How have the indicators for adverse impacts on sustainability factors been taken into account?

N/A, this Sub-Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A, this Sub-Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Although the Fund does not commit to making sustainable investments or investments aligned with the EU Taxonomy, the above statement is required to be provided under the Taxonomy Regulation.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.



Does this financial product consider principal adverse impacts on sustainability factors? Yes No

The Fund aims to reduce negative impacts to the environment and society. These negative impacts are also called adverse impacts, whereby the most significant adverse impacts are referred to as principal adverse impacts (PAI).

Where possible and feasible and in line with the nature of the investments, a number of adverse impacts are structurally and systematically considered as part of this Fund's investment decision making. This consideration occurs before making investment decisions and thereafter as part of our ongoing monitoring and management of that investment, where an investment is made.

The due diligence process includes a complete technical assessment against material ESG themes. These technical assessments result in Property Improvement Plans to improve ESG impacts and put the asset on ILIM's Net Zero Pathway to reduce its carbon emissions. This consideration occurs before making investment decisions and thereafter as part of our ongoing monitoring and management of that investment, where an investment is made.

We consider the following key PAIs in our decision making:



Impact on climate change:

- > Exposure to fossil fuels through real estate assets
- > Exposure to energy-inefficient real estate assets

Further details on the principle principal adverse impacts on sustainability factors can be found at

<https://www.ilim.com/media/2265/ilim-pai-regulatory-document.pdf>



What investment strategy does this financial product follow?

The Fund is an actively managed long term open ended real estate fund which promotes environmental and social characteristics alongside other factors (Article 8 of the SFDR). The Fund invests predominantly in a commercial real estate and participates in GRESB. The Fund is managed using a framework for the reduction of greenhouse gas emissions, energy use, energy intensity targets, renewable energy use, and the use of circular economy principles in new developments.

The Investment Manager has set specific targets for the Fund relating to energy consumption, renewable energy, greenhouse gas emissions, water-use and waste production using a robust reporting regime to monitor and measure performance against targets, and to provide a basis for engagement with tenants and other stakeholders. This process is implemented for acquisitions, refurbishments, new developments and ongoing asset management.

The Investment Manager, on behalf of the Fund, conducts comprehensive due diligence assessments and ongoing due diligence that include financial, physical, governance, regulatory, market, environmental and social considerations, and maintains procedures providing guidelines to manage the exposure of the Sub-Fund's assets to relevant sustainability risks.

The Fund invests in new developments and the Investment Manager's strategy is to consider the reduction of embodied carbon in development. In selecting new developments, the Investment Manager ensures that all new developments undertaken by the Fund achieve NZEB (near zero energy building) or better. The Investment Manager ensures that all new leases include "green" clauses and incorporate adherence to a tenant sustainability handbook.

As with any property investment, sustainability risk could result in a significant, or in extreme circumstances, an entire loss of value of the investment, which in turn, could impact upon the returns of the Fund. The Investment Manager aims to mitigate this risk through the investment due diligence process and by arranging insurance protection, as appropriate.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

To meet the environmental and social characteristics promoted, the fund incorporates both exclusionary screening and applies binding sustainability criteria to the selection of underlying assets as part of its investment decision making process.

As part of ILIM's real estate acquisition process, a comprehensive due diligence is conducted that includes financial, physical, governance, regulatory, market, environmental and social considerations. The results are reviewed by the Head of Property and Investment Committee.

ILIM's due diligence process includes a complete technical assessment against material ESG themes. These technical assessments result in Property Improvement Plans to improve ESG impacts and put the asset on ILIM's Net Zero Pathway to reduce its carbon emissions.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

N/A - There is no committed minimum rate to reduce the scope of investments.

What is the policy to assess good governance practices of the investee companies?

The Fund intends to purchase real estate directly. It carries out thorough financial and governance due diligence in relation to its counterparties.

Were the Fund to invest into 3rd party property companies, property partnerships or units/interests in collective investment schemes whose primary purpose is to invest in Property Investments located within Ireland, ILIM as investment manager of the Fund would utilise independent third-party data providers to make assessments on governance practices in the companies which we invest. ILIM assess good governance practices in investee companies through a number of measures which include: ESG Risk scores, alignment with the UN Global Compact and involvement in severe controversies.

In addition to these, the fund has implemented governance processes across the portfolio including:

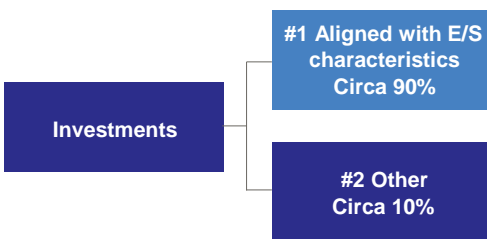
- > Whistleblowing policy
- > Sustainability included in regular meetings with supply chain and value chain and checked against KPI's
- > Property manager staff training to spot non-compliance
- > Service provider training of their own staff
- > Sustainability included in regular meetings with suppliers
- > Service provider compliance self-declarations / assessments
- > Alignment with standards (e.g. OHSAS 18001; ISO 14001)
- > Third-party assurance checks

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

The Fund invests into property in in line with its fund mandate. It holds cash targeting a level of 2.5%-7.5%. The intention is that at least 90% of investments are expected to be allocated to assets which promote with E/S characteristics and up to 10% may be allocated to "Other" investments which may comprise of cash for liquidity purposes or derivatives. This 10% "Other" investments may be exceeded for short periods of time when additional cash is held to complete an acquisition, or for short periods of time after the sale of an asset.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Derivatives are not used to attain the environmental or social characteristics promoted by the Fund.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- > **turnover** reflecting the share of revenue from green activities of investee companies.
- > **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- > **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

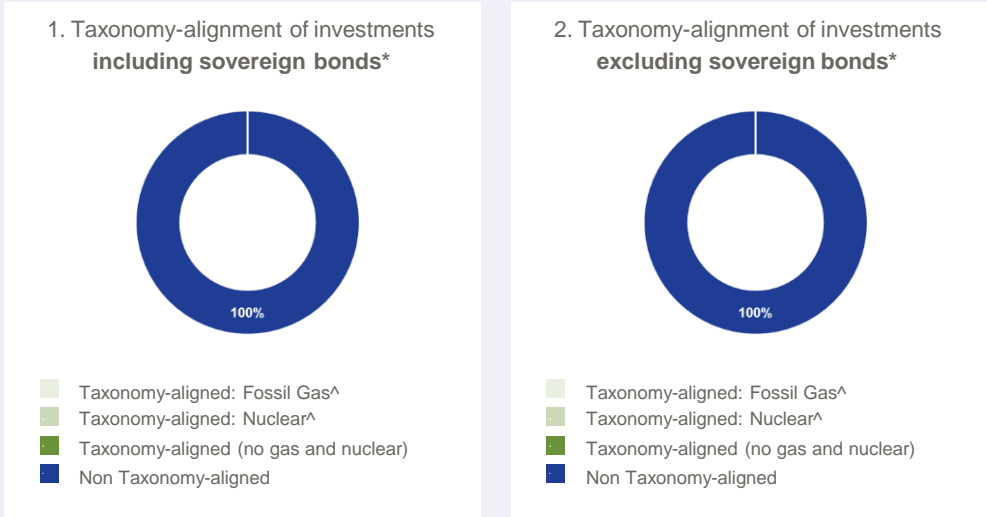
0%

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy (1)?

Yes
 In fossil gas[^]
 In nuclear energy[^]

 No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.
[^]Data relating to Taxonomy aligned Fossil Gas and Nuclear is not currently available. Data relating to these activities will be populated once the data becomes available.

What is the minimum share of investments in transitional and enabling activities?

N/A



What is the minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A



What is the minimum share of socially sustainable investments?

N/A

(1) Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transactional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund may also invest in cash, For cash holdings, no cash is held with banks which are on ILIM's exclusion list.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Although the Fund participates in the Global Real Estate Sustainability Benchmark (GRESB), the Fund follows an active investment strategy and does not have a reference benchmark.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

N/A

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

N/A

How does the designated index differ from a relevant broad market index?

N/A

Where can the methodology used for the calculation of the designated index be found?

N/A

Where can I find more product specific information online?

More product-specific information can be found on the website

<https://www.ilim.com/responsible-investing/policies/>

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

This document is intended as a general review of investment market conditions. It does not constitute investment advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person.

The author cannot make a personal recommendation for any person and you should seek personal investment advice as to the suitability of any investment decision or strategy to your own needs and circumstances. Any comments on specific stocks are intended as an objective, independent view in relation to that stock generally, and not in relation to its suitability to any specific person.

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Irish Life Assurance plc is regulated by the Central Bank of Ireland.