

Sustainability-related disclosures

Harrison Street European Property Partners IV

Summary

Harrison Street European Property Partners IV (**Fund**) intends to promote investments in economic activities that contribute to energy efficiency and physical and mental well-being. Harrison Street Advisors, LLC (**Portfolio Manager**) is the portfolio manager of the Fund.

Specifically, the Fund intends to promote the following characteristics:

- **Environmental characteristic:** To invest in, develop, enhance or retrofit real estate assets with a low energy intensity or to achieve a low energy intensity (as applicable); and
- **Social characteristic:** To invest in, develop, enhance or retrofit real estate assets which incorporate design characteristics that promote the physical and mental wellbeing of building residents or occupants or to incorporate such characteristics (as applicable).

The Fund does not have as its objective sustainable investment. However, the Fund will have a minimum proportion of 80% sustainable investments. The Fund will seek to ensure that the sustainable investments will not cause harm to other environmental or social objectives of the EU SFDR by implementing pre- and post-investment processes to screen for, and measure and monitor, principal adverse impacts.

The Fund seeks to promote the environmental and social characteristics mentioned above and will measure the attainment of such characteristics by employing the following methodologies:

- **Environmental methodology:** The energy intensity (kWh/sf) of each asset in the Fund portfolio will be compared against the industry standard energy intensity for the applicable asset class as measured by the prevalent standard established for each applicable industry or asset class.
- **Social methodology:** The contribution of each asset in the Fund portfolio to the physical and mental wellbeing of building residents or occupants will be measured with reference to attainment of the Fitwel® certification. The Fitwel® standard was developed by the U.S. Centers for Disease Control and Prevention and assesses real estate assets based on 70+ backed strategies.

The Fund will promote the characteristics mentioned above by seeking to achieve certain goals with respect to the Fund's investments, which may be subject to change. As at the date of disclosure, the goals are:

- **Environmental goal:** Within a period of 2 years after the end of the investment period, the average energy intensity per square foot of the assets in each asset class within the Fund portfolio will be at least 15% more efficient than the industry standard energy intensity for such asset class.
- **Social goal:** 80% of the occupied properties within the Fund will be certified according to Fitwel® within the first year after the acquisition of existing assets or the delivery of development assets (as applicable). The reference to 'occupied properties' means those real estate assets that are suitable for continuing occupation (i.e. student housing, senior housing, medical use, etc.).

The minimum proportion of investments of the Fund used to promote the environmental and social characteristics is at least 80% of investments. At least 80% of the investments will constitute 'sustainable investments' under article 2(17) of the EU SFDR. A minimum of 20% of the investments of the Fund will be aligned with the EU Taxonomy and a minimum of 60% of investments of the Fund, less the percentage of investments that are aligned with the EU Taxonomy, will be sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. A minimum of 80% of the occupied properties of the Fund will be sustainable investments with a social objective.

The data for the energy intensity calculations is obtained from utility bills and captured in the Firm's ESG platform, which is a Conservice product called Goby. The platform captures data and key metrics (such as energy intensity) are calculated. The data is then validated by a third party, Lucideon, for accuracy. The data for the Fitwel® certifications is obtained from tenants and / or landlords and captured within the Center for Active Design (CfAD) portal. CfAD is the sole decision making body in awarding points toward the certification.

For energy intensity calculations, data collection limitations may arise where the Portfolio Manager is unable to obtain certain data from the tenant. Such limitations do not affect how the environmental characteristics are met as, in such cases, estimates may need to be made. For Fitwel® certifications there may be limitations where a healthy building scorecard does not exist for a particular asset class. Such limitations do not affect how the social characteristic is met as the asset class would not be included as an applicable building type to pursue the certification.

No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

However, the Fund will have a minimum proportion of 80% of sustainable investments under article 2(17) EU SFDR.

The Fund intends to seek to ensure that its sustainable investments will not cause significant harm to other environmental or social objectives of both the EU SFDR and, where applicable, the EU Taxonomy through implementation of pre- and post- investment processes to screen for, and measure and monitor, principal adverse impacts associated with those objectives.

In particular, the Fund intends to screen for, measure and monitor, principal adverse impacts on sustainability factors. Specifically:

- **Investment screening:** The Fund intends to screen for, and intends to not invest in, real estate assets involved in the extraction, manufacture, transport or storage of fossil fuels, although certain assets may store minimal amounts of fossil fuels for maintenance purposes (for example, fossil fuel-based gardening equipment for grounds maintenance). The Fund also intends screens for, and not invest in, real estate assets that generate electricity from combustion of fossil fuels (i.e. scope 1 greenhouse gas emissions, as defined in accordance with the GHG Protocol).
- **Principal adverse impact monitoring:** The Fund intends to screen for, measure and monitor principal adverse impacts applicable to its real estate assets. In particular:
 - **Energy efficiency:** The Fund intends to monitor and measure the share of its investments in energy inefficient real estate, including with reference to EPC and NZEB performance.
 - **Other adverse sustainability indicators:** The Fund intends to monitor other adverse sustainability indicators, including in order to seek to ensure that it does not cause significant harm to other environmental or social objectives of the EU SFDR. In particular, the Fund intends to monitor (a) scope 2 greenhouse gas emissions generated by its real estate assets, with reference to the share of electricity consumed by its real estate assets generated from non-renewable energy sources, (b) waste, with reference to the share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract) and (c) resource consumption (in relation to new developments and retrofitting), with reference to the share of new building materials (excluding recovered, recycled and biosourced materials compared to the total weight of building materials used in new construction and major renovations).

The Portfolio Manager's pre- and post- investment processes include due diligence and asset management procedures developed with reference to, and which seek to assess the extent of compliance with, the

requirements of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Environmental or social characteristics of the financial product

The Portfolio Manager maintains an Environmental, Social and Governance Impact Policy (**ESG Policy**) which, as at the date of this disclosure, identifies efficient operations, tenant health and climate resilience & carbon emissions reduction as strategic priorities.

The Fund intends to promote investments in economic activities that contribute to energy efficiency and physical and mental well-being.

Specifically, the Fund intends to promote the following characteristics:

- **Environmental characteristic:** To invest in, develop, enhance or retrofit real estate assets with a low energy intensity or to achieve a low energy intensity (as applicable); and
- **Social characteristic:** To invest in, develop, enhance or retrofit real estate assets which incorporate design characteristics that promote the physical and mental wellbeing of building residents or occupants or to incorporate such characteristics (as applicable).

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

Investment strategy

The Fund will pursue a strategy to target student accommodation, healthcare assets (including senior housing), life sciences and other specialty residential investments (such as micro-housing, the private rented sector, serviced apartments and co-living) in Europe and the United Kingdom. The Fund will invest in these assets directly or indirectly, through joint ventures and/or other debt and/or equity interests.

The Fund intends to promote investments in economic activities that contribute to energy efficiency and physical and mental wellbeing with reference to the environmental and social characteristics referred to above under the heading "*Environmental or social characteristics of the financial product*", as measured by the methodologies referred to below under the heading "*Monitoring of environmental or social characteristics*". The Fund promotes those environmental and social characteristics by seeking to achieve the goals referred to below under the heading "*Methodologies for environmental or social characteristics*". The requirement to promote, measure and report on the performance against specified goals is binding on the Portfolio Manager, although the goals may be subject to change in the sole discretion of the Portfolio Manager.

The Fund intends to implement pre- and post- investment processes to ensure a holistic vetting of new operating partners, including interviewing key management, conducting gap analysis, and highlighting and addressing any concerns as they relate to the practices and processes of the operator, including consideration of the minimum requirements under article 2(17) of the EU SFDR. As part of the onboarding process, the Fund intends to also ensure new partners understand our ESG expectations and provide training if needed. During the hold period, the asset management team actively evaluates the performance and operations of investment operating partners and third-party managers, all of whom operate the assets pursuant to contractually defined standards, including approval authority, hiring practices, reporting, tax compliance, etc.

Proportion of investments

The minimum proportion of investments of the Fund used to promote the environmental and social characteristics is at least 80% of investments. At least 80% of the investments will constitute 'sustainable investments' under article 2(17) of the EU SFDR. A minimum of 20% of the investments of the Fund will be aligned with the EU Taxonomy and a minimum of 60% of investments of the Fund, less the percentage of investments that are aligned with the EU Taxonomy, will be sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. The Fund does not invest in fossil gas and / or nuclear

energy related activities that comply with the EU Taxonomy. A minimum of 80% of the occupied properties of the Fund will be sustainable investments with a social objective.

Monitoring of environmental or social characteristics

The Portfolio Manager is required to measure the environmental and social characteristics sought to be promoted by the Fund prior to making, and for the duration of, investments by employing the following methodologies:

- **Environmental methodology:** The energy intensity (kWh/sf) of each asset in the Fund portfolio will be compared against the industry standard energy intensity for the applicable asset class as measured by the prevalent standard established for each applicable industry or asset class. The energy intensity figure is captured and calculated within an ESG platform, provided by Conservice. This data is then externally verified by a third party for accuracy and reporting purposes.
- **Social methodology:** The contribution of each asset in the Fund portfolio to the physical and mental wellbeing of building residents or occupants will be measured with reference to attainment of the Fitwel® certification. Assets that received certification are listed within the Fitwel® portal, which includes overall score and dates of completion for each project. The Fitwel® standard was developed by the U.S. Centers for Disease Control and Prevention and assesses real estate assets based on 70+ backed strategies. The sole licensor of the Fitwel® certification is the Center for Active Design (CfAD).

Methodologies for environmental or social characteristics

The Portfolio Manager is required to measure the attainment of the environmental and social characteristics sought to be promoted by the Fund by seeking to achieve certain goals with respect to the Fund's investments, which may be subject to change. As of the date of this disclosure the goals are as follows:

- **Environmental goal:** Within a period of 2 years after the end of the investment period, the average energy intensity per square foot of the assets in each asset class within the Fund portfolio will be at least 15% more efficient than the industry standard energy intensity for such asset class.
- **Social goal:** 80% of the occupied properties within the Fund will be certified according to Fitwel® within the first year after the acquisition of existing assets or the delivery of development assets (as applicable). The reference to 'occupied properties' means those real estate assets that are suitable for continuing occupation (i.e. student housing, senior housing, medical use, etc.).

Data sources and processing

Environmental: The data for the energy intensity calculations is obtained from utility bills and is captured in the Firm's ESG platform, which is a Conservice product called Goby. Within the platform, energy, waste, water and GHG emissions are captured and key metrics, such as energy intensity is calculated based on energy usage and building size. These data are then validated by a third party, Lucideon, for accuracy. The Fund expects 100% data coverage in landlord-controlled buildings and aims for the same in those that are tenant controlled.

Social: The data for the Fitwel® certifications is obtained from tenants and / or landlords and captured within the CfAD portal. Within this portal, certification projects are tracked during the process, and once finished scores are displayed along with the completion date. CfAD is the sole decision making body in awarding points toward the certification.

Limitations to methodologies and data

Environmental: For the energy intensity calculations data collection limitations may arise where the Portfolio Manager is unable to obtain energy utilization data from the tenant. Such limitations do not affect how the

environmental characteristic is met as, in such cases, estimates may be made. If estimates are made, this will be disclosed along with the methodology required to be followed.

Social: For the Fitwel® certifications, there may be limitations if a healthy building scorecard does not exist for a particular asset class. In such circumstances, the asset class would not be included as an applicable building type to pursue the certification and therefore, such limitations do not affect how the social characteristic is met.

Due diligence

ESG assessment is integrated into due diligence processes. All assets considered for the Fund undergo an ESG review performed by the Portfolio Manager's Impact Department including a write-up and evaluation of current and potential ESG risks and opportunities. The write-up is included in the Investment Committee (IC) report in advance and part of the approval process. The ESG review includes, but is not limited to, an analysis of effects on the community, tenant health and wellness, operating partner DEI values, climate impact, building certifications, and both physical and transition risk. A checklist has been developed to integrate adverse impact indicators of EU SFDR and the requirements of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and will be progressively incorporated into the due diligence process, including through retrospective assessment of commitments made prior to finalisation of that checklist. Those risks and opportunities that are identified and will be executed against are captured in a tracker overseen by the Impact Department and implemented by the Asset Management team.

Engagement policies

Engagement does not form part of the environmental or social investment strategy of the Fund.

Pre-contractual disclosure

The pre-contractual disclosure has previously been provided as Annex I to the Fund's Private Placement Memorandum, as amended or supplemented.

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Changes since published:

1 May 2023 – Changes to reflect updated version of Annex II of the EU SFDR CDR as published in Commission Delegated Regulation (EU) 2023/363 of 31 October 2022 and entering into force on 20 February 2023.