
ESG POLICY OF DEUTSCHE ZINSHAUS LUX S.à r.l.

1. Introduction and purpose of the policy

Since the year 2015, the Luxembourg government and financial industry have been working actively together in a Climate Finance Task Force in order to implement the UN Sustainable Development Goals. As a Luxembourg fund with German investors, Deutsche Zinshaus Lux S.à r.l. therefore feels especially obliged to introduce a policy regarding responsible investment in accordance with the UN Principles of Responsible Investing (UNPRI).

The following policy states the investment principles and our approach towards as well as our management of responsible investments.

This policy was approved by the Management Board of Deutsche Zinshaus Lux S.à r.l.

2. UN Principles of Responsible Investing (PRI)

We commit ourselves to the following actions:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

3. Scope of the policy

This policy is to be applied to all investments of Deutsche Zinshaus Lux S.à r.l., especially to those in the framework of real estate transactions.

Deutsche Zinshaus Lux S.à r.l. promotes above all investments into companies, funds or projects which contribute to responsible investment, which gets measurable on the basis of the following criteria:

- Did the concerned companies implement standards and best practices regarding environmental, social and governmental (ESG) aspects?

- Do the companies publish further information regarding ESG, besides the annual accounts and financial information, e.g. the real estate's energy efficiency in form of a CO2 footprint? Are any projects planned regarding the improvement of the current situation, e.g. the set-up of a solar panel?
- Did the company commit itself actively to the UN Sustainable Development Goals (SDGs) or PRI?

Investments into the following sectors of companies are categorically refused by Deutsche Zinshaus Lux S.à r.l.:

- Weapons and ammunition industry or industry for military requirements
- Pornography industry
- Tobacco industry
- Atom and charcoal industry

4. Implementation of the policy

Deutsche Zinshaus Lux S.à r.l. works closely with its investment advisor Deutsche Zinshaus Advisory GmbH, which selects potential investment objects with respect to the commitment to the PRI, SDGs and ESG standards. The Management Board decides about the suggested investment objects, not only regarding their attraction to potential investors, but as well regarding their contribution to responsible investment.

At regular intervals and upon request, investors will be notified about the status and steps to be taken for further policy implementation (if applicable).

If need be, the Management Board addresses upcoming issues in this respect in their meetings.

5. ESG-related risks and opportunities for Deutsche Zinshaus Lux S.à r.l.

Deutsche Zinshaus Lux S.à r.l. expects the implementation of the policy to be above all an opportunity to shape society and climate. Thanks to a stronger focus on responsible investment by Deutsche Zinshaus Lux S.à r.l. and within the whole investment fund industry, their market value can be increased, whereas the market value of investments not compatible with the ethic pillars of Deutsche Zinshaus Lux S.à r.l. (see Point 3) can be decreased by refusal of investment. On the long term, the basic investment approach on the market can be pushed towards responsible investment.

The implementation of the directive is not expected to have any impact on the revenue, as the market share of green investments in Luxembourg is already the highest in Europe, which illustrates the basic attitude towards responsible investment on the Luxembourg market.