

**Transparency of the promotion of environmental or social characteristics (Website Disclosure)**

**BGO Europe Secured Lending IV SLP (the “Unlevered Partnership”)**

**BGO Europe Secured Lending IV (EY) SLP (the “Levered Partnership”)**

**(each as the context requires, the “Partnership”)**

**EU Sustainable Finance Disclosure Regulation (“SFDR”), Article 10**

**Summary**

This financial product promotes environmental characteristics, but does not have as its objective sustainable investment. BGO continuously monitors investments post-loan funding reviewing and updating sustainability risks and opportunities identified in the ESG Scorecard which is initially utilised when making an investment. The ESG Scorecard looks to identify and measure the ESG strengths and weaknesses of each loan and understand the ESG qualities and sustainability risks on an individual investment and portfolio basis.

The methodology and data used to measure the attainment of the environmental characteristics are based on achievement of a green building certificate. This can be either the attainment of a green building certificate or the expected attainment of a green building certificate as part of the underlying property’s business plan. As the certification is completed by a third-party, the Partnership relies on the third party’s accuracy, quality and verification of the data. The process depends on third-party certification bodies, which may have limitations. However, since assessments are based on certification outcomes and the review of property business plans, limitations are not expected to impact the promoted environmental characteristics.

The Partnership will integrate the environmental characteristics and ESG considerations into the due diligence and asset management of the Partnership’s Investments. BGO evaluates and monitors material ESG factors and sustainability risks associated with its investments by using its proprietary ESG Scorecard. BGO will proactively monitor the investments, and the environmental characteristics and engage the sponsor as part of BGO’s standard in-house loan servicing and asset management.

BGO will engage with sponsors to address sustainability risks and ensure business plans align with environmental goals. The Partnership has not defined a benchmark with regards of attaining the environmental characteristics.

**No Sustainable Investment Objective**

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

**Environmental or Social Characteristics of the Financial Product**

The Partnership will look to promote environmental characteristics in alignment with the Building Research Establishment Environmental Assessment Method (“BREEAM”) for a minimum of a ‘Very Good’ certification. These characteristics include but are not limited to, the encouragement, adoption of sustainable management practices, design of energy efficient buildings and reduction of energy use, sustainable water use, responsible use of resources (including materials and waste), sustainable land use, awareness of ecological value on-site, prevention or control of pollution, increased health, wellbeing and safety of building users, and access to sustainable means of transport.

The Partnership shall promote these environmental characteristics by targeting, as at the end of the Investment Period, including any reinvestment period, at least fifty-five per cent (55%) of all new development Investments made by the Partnership be Green Building Certified Development Projects. For this purpose a “**Green Building Certified Development Project**” shall be any Investment where the financing provided is to be used to finance all or part of a newly developed building or buildings and where such newly developed building(s) is expected to achieve a green building certificate of a minimum of ‘Very Good’ BREEAM, or the equivalent based on the regional schemes available, in each case, as determined by the General Partner at the time such Investment is made.

### **Investment Strategy**

The Partnership will primarily focus on originating loans secured by real estate with a focus on Western Europe. The Partnership is focused on making new loans where it is leading the lending process, including the borrower relationship, the credit underwriting and the legal documentation. The Partnership will concentrate its lending on mid-market loans and intends to source opportunities from professional and experienced sponsors. In certain cases, the Partnership will also make larger loans where some pricing benefit can be generated by offering a one stop solution.

The Partnership will be primarily focused on the contractual collection of fees, principal and interest, rather than speculating on the upside potential of the underlying real estate asset, as the Partnership, acting as lender, will not normally control the gain of additional returns through capital appreciation. The Partnership will service and asset manage each loan and believes that investment performance is materially enhanced by having its team members manage the lending process from loan origination and pricing to servicing and, in the event of default, loan workout and property asset management, if needed. The Partnership may seek to enhance the returns of certain investments by the economic transfer of the senior-most portion of an investment. This transfer may be done through syndication, sub-participation, assignment or other financing. The Levered Partnership will generally seek to enhance the returns of all of its investments by the use of leverage (and the Unlevered Partnership may occasionally effect a similar economic transfer of the most senior portion of an investment selectively, on a non-recourse basis).

As part of its investment strategy, the Partnership is committed to integrating ESG considerations, including sustainability risks, into the lending and asset management of the Partnership’s Investments and to promote its environmental characteristics.

As part of the credit approval process, BGO evaluates and monitors material ESG factors and sustainability risks using a proprietary scorecard developed in collaboration with BGO’s Sustainable Investment team. BGO will use the ESG Scorecard to:

- Identify material ESG and sustainability risks and opportunities of an investment to enable a review of such risks and opportunities to be included within each credit memorandum. BGO’s scorecard documents what it considers to be a comprehensive review of sustainability risks when assessing the business plan, the underlying property, relevant third-party assessments and the Sponsor itself. It also assesses the environmental characteristics of the investment.

Examples of sustainability risks and ESG factors (and such factors' associated sustainability risks) considered through the scorecard include, but are not limited to:

- Building certifications;
  - Physical climate risks, such as flood, heat stress, hurricanes and typhoons, sea level rise, water stress and wildfire;
  - Transition climate risks, such as net zero assessments, renewable energy and carbon offsets
  - Energy performance Certificate (EPC);
  - Pollution prevention, such as hazardous waste or emissions to water;
  - Biodiversity considerations, such as location near or on biodiverse sensitive area;
  - Health and wellbeing features such as air quality;
  - Community impacts, such as community engagement and relations; and
  - Sponsor's governance practices
- Measure the ESG and sustainability strength of each loan to understand the ESG and sustainability qualities on an investment and portfolio basis. Through this tool, BGO plans to carefully derive a score on the ESG profile of the loan considering ESG and sustainability risks and opportunities. BGO will use this scorecard in understanding the loan portfolio's ESG profile and compare loans to understand the relative ESG strength of each investment. BGO envisions this scorecard will also help guide investment as greater insight and understanding of ESG metrics on a loan-by-loan basis and at the portfolio as a whole will allow BGO to strive for investments that achieve high scores and encompass strong ESG qualities. Where relevant, BGO will engage with the Sponsor where ESG factors or sustainability risks arise or on outliers to improve the ESG qualifications of the investment. Through this process BGO will strive to build a loan portfolio that is resilient to sustainability risks and maximizes its potential across the ESG spectrum.

BGO will use the sustainability indicators mentioned under "Methodology" below to measure the environmental characteristics mentioned above.

In terms of a policy to assess good governance practices of the investee companies, investee companies are not applicable to the Partnership's investment strategy as its investments result in it acting as lender as opposed to making equity investments in another.

All sponsors will, however, be assessed on their governance practices as part of the ESG Scorecard described above. This includes assessing for any recorded violations of the UN Global Compact Principles and the Organisation of Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Know Your Client (KYC) analysis is performed on relevant parties involved in an investment which includes establishing a client risk profile through a monitoring programme with regards to its transactions and activities and based on document collection and risk assessment. All relevant parties identified are screened initially and on an ongoing and daily basis against relevant sanction lists (e.g. UN, EU, OFAC) as well as Politically Exposed Persons (PEP) lists and adverse media.

### **Proportion of Investments**

The Partnership does not have sustainable investments as its objective within the meaning of Article 9 SFDR, nor does it intend to make any sustainable investment as defined in SFDR. However, the Partnership does promote specific environmental characteristics within the meaning of Article 8 of SFDR.

The Partnership shall promote its environmental characteristics by targeting, as at the end of the Investment Period, including any reinvestment period, at least fifty-five per cent (55%) of all new development Investments made by the Partnership be Green Building Certified Development Projects.

For this purpose a “**Green Building Certified Development Project**” shall be any Investment where the financing provided is to be used to finance all or part of a newly developed building or buildings and where such newly developed building(s) is expected to achieve a green building certificate of a minimum of ‘Very Good’ BREEAM, or the equivalent based on the regional schemes available, in each case, as determined by the General Partner at the time such Investment is made.

The Partnership may make Investments in other investment projects not classified as new development Investments that do not fall into this classification. As the Partnership is a close-end blind pool fund, it is difficult to predict the percentage of investment that will be new development investment or otherwise. The Partnership only makes direct investments which can be held through one of more investment vehicles established by the Partnership.

### **Monitoring of Environmental or Social Characteristics**

After loan funding, BGO will proactively monitor the investments, and the environmental characteristics through regular monitoring and reporting as part of BGO’s standard in-house loan servicing and asset management. This includes reviewing and updating sustainability risks and opportunities identified in the ESG Scorecard. In particular, with respect to any new development investment, BGO will monitor the sponsor’s performance against its business plan and otherwise to assess whether the underlying real estate remains on track to become a Green Building Certified Development Project. BGO seeks to actively manage the environmental characteristics it promotes through close contact with the sponsor and by applying its in-depth understanding of both the borrower’s business plan and the underlying property and market.

### **Methodologies**

The methodology (and sustainability indicators) used to measure the attainment of the environmental characteristics are:

- (i) what new development Investments made by the Partnership have a green building certificate of a minimum of BREEAM ‘Very Good’, or the equivalent based on the regional schemes available, in each case, as determined by the General Partner at the time such Investment is made; and
- (ii) what new development Investments made by the Partnership are expected to achieve a green building certificate of a minimum of ‘Very Good’ BREEAM, or the equivalent based on the regional schemes available, in each case, as determined by the General Partner at the time such Investment is made based on its business plan.

### **Data Sources and Processing**

The data source used to assess whether or not the environmental characteristics are attained is (i) the business plan for the new development investments provided by the borrower indicating whether or not the investment is expected to receive a green building certificate and/or (ii) the provision or not of a green building certificate of a minimum of ‘Very Good’ BREEAM, or the equivalent based on the regional schemes available. As the development of the business plans is developed by the third-party borrowers and issuance of such green building certification is assessed and completed by a third-party, BGO and the Partnership relies on the third party green building certificate provider and borrower’s accuracy, quality and verification of the data used by it when developing the business plan or determining to issue the green building certificate. Throughout BGO’s asset management process, it will review progress on achieving a green building certificate.

Data received (i.e. the green building certificates and business plans) is not processed. As BGO requires the issuance of a green building certificate by the third-party provider or business plan issued by a third-part borrower, to assess the environmental characteristics, no proportion of the data BGO receives and uses for its assessment are estimates.

### **Limitations to Methodologies and Data**

Limitations on the methodologies and data used to assess the attainment of the environmental characteristics promoted by the Partnership may include the dependency on the third-party completing the green building certification and any deficiencies or limitations that may be present as part of their assessment and issuance processes.

Given the attainment of the Partnership's environmental characteristics is assessed upon the issuance or the expected issuance of such green building certification only, BGO does not consider such limitations will affect the environmental characteristics promoted by the Partnership.

### **Due Diligence**

When providing investment advice, BGO will use a proprietary ESG Scorecard to identify and measure the ESG strengths and weaknesses of each loan and understand the ESG qualities and sustainability risks on an individual investment and portfolio basis. The assessment considers the business plan, the underlying property, relevant third-party assessments and the sponsor itself. This includes assessing sustainability risks and the Partnership's environmental characteristics.

Through this tool, BGO plans to carefully derive a score on the ESG profile of the loan considering sustainability risks and opportunities. BGO will use this scorecard in understanding the loan portfolio's ESG profile and compare loans to understand the relative ESG strength of each investment. BGO envisions that this scorecard will also help guide investment as greater insight and understanding of ESG metrics on a loan-by-loan basis and the Partnership as a whole will allow BGO to strive for investments that achieve high scores and encompass strong ESG qualities. Through this process BGO will strive to build a loan portfolio that is resilient to ESG risks and maximizes its potential across the ESG spectrum.

In addition, where appropriate, coordination with internal and external third-party experts and formal business plan covenants will be used to ensure that ESG strength is maintained. BGO will support the Partnership's investment manager by regularly and rigorously assessing the risk profile of the underlying real estate markets and each asset within the Partnership's portfolio with a focus on preservation of capital and downside protection.

### **Engagement Policies**

Where relevant, BGO will engage with the Sponsor as part of our asset management process where sustainability risks have been identified or to ensure the project is being managed according to the business plan. This may include ensuring that any identified sustainability initiatives that support the asset's ability to achieve its targeted green building certification are implemented.

### **Reference Benchmark**

The Partnership has not defined a benchmark with regards to attaining the environmental characteristics.