

# BGO – Europe Secure Lending IV Fund Sustainable Investing Policy

## 1. Scope and Purpose

This Sustainable Investment Policy (the “Policy”) relates to the Fund (as defined below) and outlines:

- the general principles for how environmental, social and governance (ESG) factors are integrated in the investment strategy of BGO Europe Secured Lending IV SLP (the “Unlevered Partnership”) and BGO Europe Secured Lending IV (EY) SLP (the “Levered Partnership” and together with the Unlevered Partnership, the “Fund” or “Partnership”), to which BGO acts as sponsor and general partner of the Fund;
- the environmental characteristics promoted by the Fund;
- the Due Diligence process to be adopted by BGO when considering investment opportunities for the Fund and on an ongoing basis; and
- how the environmental characteristics are monitored by BGO, together with the methodologies, data sourcing and processes used.

## 2. Approach to ESG integration in its investments

For the purposes of this Policy, BGO understands “Sustainability Risk(s)” to be an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the relevant investment.

BGO is committed to integrating ESG and Sustainability Risk analysis into the investment decision-making process and asset management of the Fund’s investments. BGO is focused on investing in loans that meet the Fund’s investment mandate. As part of assessing any new investment opportunity, the Fund expects to evaluate the investment’s sustainability performance, most prominently whether the underlying real estate has, or is expected to have, any green building certificates.

The Fund 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 and are not limited to, the encouragement of 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.

BGO recognises that the Fund also seeks to promote certain environmental characteristics as described further below.

## 3. Investment strategy, Promotion of Environment Characteristics and Principal Adverse Impacts

### Investment Strategy of the Fund

The Partnership will primarily focus on originating loans secured by real estate assets located in Europe with a focus on countries within 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 focused solely on the contractual collection of fees, principal and interest and will not speculate on the potential upside of a real estate asset as it does not control the gain of additional returns. 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, subparticipation, 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).

### Promotion of Environmental Characteristics

When assessing investment decisions for the Partnership, 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 promotion of environmental characteristics as described above.

The Fund shall look to promote the environmental characteristics described above by targeting, as at the as at the end of the Fund's Investment Period, including any reinvestment period (as applicable), at least fifty-five per cent (55%) of all new development Investments made by the Fund 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) has achieved or 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.

All investments (100%) of the Partnership will be evaluated using the ESG Scorecard.

### Consideration of Principal Adverse Impacts (PAIs)

At present, the Partnership does not consider principal adverse impacts as it is not able to guarantee that it can obtain the required data on the prescribed principle adverse impact indicators with respect to its underlying investments. This position will be reviewed annually taking into account the quality, reliability and availability of data that it is able to obtain.

### **Investment Process and Monitoring**

When making investment decisions and asset management decisions for the Fund and its investments, BGO will endeavour to do so in a manner that will enable the Fund to promote the environmental characteristics described above and shall assess and monitor this on an initial and ongoing basis.

In this regard, BGO has diligence processes designed to enable this.

#### **4.1 Pre-investment Diligence**

BGO will use a proprietary ESG Scorecard designed in collaboration with BGO's sustainable investing team in order to identify and measure the ESG and sustainability strengths and weaknesses of each loan and understand the ESG qualities and sustainability risks on an individual investment and portfolio basis.

The ESG Scorecard will form part of the credit memorandum required for each investment, which is submitted to the BGO European Credit Committee and Global Credit Committee and whose unanimous approval is required before investment recommendations are formally made to the Investment Manager and the Investment Vehicle for approval.

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

#### **4.2 Post Investment Diligence**

Upon completion of due diligence and property analysis, the credit memorandum, including the results from the ESG Scorecard, will be submitted to the BGO European Credit Committee. Only upon unanimous approval by the BGO European Credit Committee will the potential loan opportunity be submitted to BGO's Global Credit Committee for consideration of final credit

approval and final recommendation of the potential loan opportunity by the Investment Manager and the Investment Vehicle.

All votes of the BGO Global Credit Committee are decided by unanimous consent. If an investment is approved by the BGO Global Credit Committee, loan documents will be prepared for submission, together with the detailed credit memorandum, to the Investment Manager and the Investment Vehicle for approval and, if approved, execution by the Investment Vehicle. Upon satisfaction of the loan conditions precedent, the loan will be funded.

#### **4. Monitoring**

After loan funding, BGO will proactively monitor the investments, and their sustainability risks 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. BGO seeks to actively mitigate sustainability risks through close contact with the Borrower/Sponsor and applying its in-depth understanding of both the borrower's business plan and the underlying property and market.

Through the regular reporting requirements of each investment, including relevant sustainability risks, BGO should gain a view on ESG related updates in the portfolio and recognize early warning signs of potential non-compliance on a set of criteria and the emergence of sustainability risks. BGO is focused on a proactive rather than a reactive approach to monitoring and the implementation of appropriate steps.

This Policy is reviewed at least on an annual basis or regularly whenever required due to changes of general principles set out in this Policy or in case of regulatory changes.

#### **Version Control**

Name/Title	Version
Europe Secured Lending IV Sustainable Investing Policy	V1 February 2025