TU Delft Campus, Delft

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verzekerings
maatschappij
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verzekeringen

ASR Dutch Science Park Fund

Three Year Business Plan 2020 - 2022

CSR and Impact policy

a.s.r. real estate

Impact policy

Investing with impact & the relevance of science parks

Introduction and context

Impact investing is a very relevant topic that is currently undergoing rapid development. As the “impact market” is still relatively immature, it has limited defined guidelines or hurdles. There is no universal guideline to determine whether a fund is an "impact fund“. However, the Manager firmly believes that ASR DSPF will have a positive impact on ecosystems on science parks, merging an attractive risk/return profile with responsible investing. The wish to make impact through the Fund is a direct result of the challenge identified by science parks themselves, namely a structural lack of commercial real-estate investments in functions which are essential for science parks in the Netherlands to thrive. This is important for the innovation climate of the Netherlands as a whole.

This chapter provides insight into how the Fund aims to shape its impact policy, finally resulting in an impact reporting framework. This process has not come to a final conclusion yet; it will be further developed in 2020 in collaboration with the auditor EY. The reporting framework will therefore be continually used to monitor whether the Fund could and should position itself as an impact fund.

Why science parks matter

Science parks are geographical locations where researchers of companies and distinct knowledge institutes (e.g. universities) work together intensively in R&D and innovation. The importance of spatial concentration has increased due to the emerging need for open innovation, meaning companies conducting R&D together with universities, research organisations, spin-offs etc.

Open innovation and a focus on commercial applicability is anchored in the three main goals of universities in the Netherlands: education, research and valorisation. Valorisation is *“the process of value-creation out of knowledge, by making this knowledge suitable and available for economic or societal utilisation and to translate this into high-potential products, services, processes and industrial activity” (Netherlands Protomics Centre).*

Science parks have therefore developed beyond their (mostly) academic origins, towards driving forces of the Dutch economy, offering space to an increasing number of commercial companies. The conditions which allow these ecosystems to flourish require both private and public investments. Market participants, however, often lack the long-term commitment needed to positively influence the local science park and often focus on a limited part of the investment market. The diversity of functions needed for a science park to thrive is therefore unable to develop.

The contribution to global challenges by the Netherlands’ top science parks

The largest science parks in the Netherlands have unified in a single platform: the science parks of “national importance”. They share ideas and communicate their views from a single point.

In 2016, the then eight affiliated science parks published a paper outlining the case for real-estate investments in their locations. In this paper, they indicate the investment potential in their locations, as well as their involvement in global challenges, as shown below.

Universities and other public bodies take their role as engines of technological change very seriously. Their commitment extends to their goals and policies, for example by excluding oil companies and weapons manufacturers, as well as formulating clear targets for sustainability.

Involvement in global challenges by science parks of “national importance”

	Health, demographic change and wellbeing	Food security	Environment and resource security	Access to clean and fresh water	Smart, green and integrated transport	Economic growth and social inclusion	Secure societies
Amsterdam Science Park	♥	🍎			🚆		◎
Brightlands	♥		🏭		🚆		
High Tech Campus Eindhoven	♥				🚆	🤝	
Kennispark Twente	♥		🏭		🚆		◎
Leiden Bio Science Park	♥	🍎	🏭	💧			
TU Delft	♥		🏭	💧	🚆		◎
Utrecht Science Park	♥	🍎	🏭	💧		🤝	
Wageningen Campus	♥	🍎	🏭	💧			

Source: Top Science & Innovation Parks in the Netherlands (TN), 2016

Impact policy

Impact goals

The Fund aims to positively impact the ecosystems of science parks in the Netherlands by investing in sustainable assets leased out to meaningful tenants, achieving at least one of the following goals:

- **Providing space for tenants, for whom the market has historically not provided.**
  This concerns, for example, space for tenants who have outgrown their start-up phase (e.g. scale-ups). The absence of this type of space on the TU Delft Campus was one of the driving factors behind the Fund's partnership with TU Delft (**p. 48**).

- **Providing space for tenants who add value to the local ecosystem.**
  The Fund achieves this by aligning its leasing profile with that of the local science park's industry type and goals, often in cooperation with a university or municipality. For example, TU Delft's tenant profile list includes categories such as sustainability and connection with and contribution to educational programmes.

- **Investing in assets which are not part of the main focus of the Fund, but add specific value to local ecosystems.**
  This can entail short-stay housing for researchers, or visiting professors, as well as retail or public functions such as conference and restaurant facilities.

The Impact Road Map below shows how the Fund can make a positive contribution to the challenge identified by the science parks themselves, as described on the previous page, and what actions are being taken to generate a positive impact.

ASR Dutch Science Park Fund – impact road map

Challenge	Strategy	Action	Impact
Lack of commercial real estate investments in functions which are essential for science parks in the Netherlands to thrive	Long-term commitment, leading to alignment with the success of science parks	Invest in sustainable real estate for tenant groups which have been neglected, providing space for tenants who add value to the ecosystem and investing in specific functions which add value to the ecosystem	Improvement of the ecosystems on science parks in the Netherlands

Impact policy

Impact reporting framework

The Fund aims to measure and report on its impact on ecosystems, contributing to the goals as described on the previous page. Impact will be measured on asset level, and important elements are:

- the social & environmental impact of the assets, mainly achieved by the activities of its tenants;
- the sustainability performance of the assets.

Measuring and reporting on social and environmental impact is not as straightforward, meaning less quantitatively measurable, compared to the sustainability performance of a building such as the energy usage.

To report on its impact on ecosystems, the Fund aims to develop an "Impact Score Card", to be drawn up for every asset. Investigating the possibilities for developing such a transparent reporting framework is an important goal for 2020.

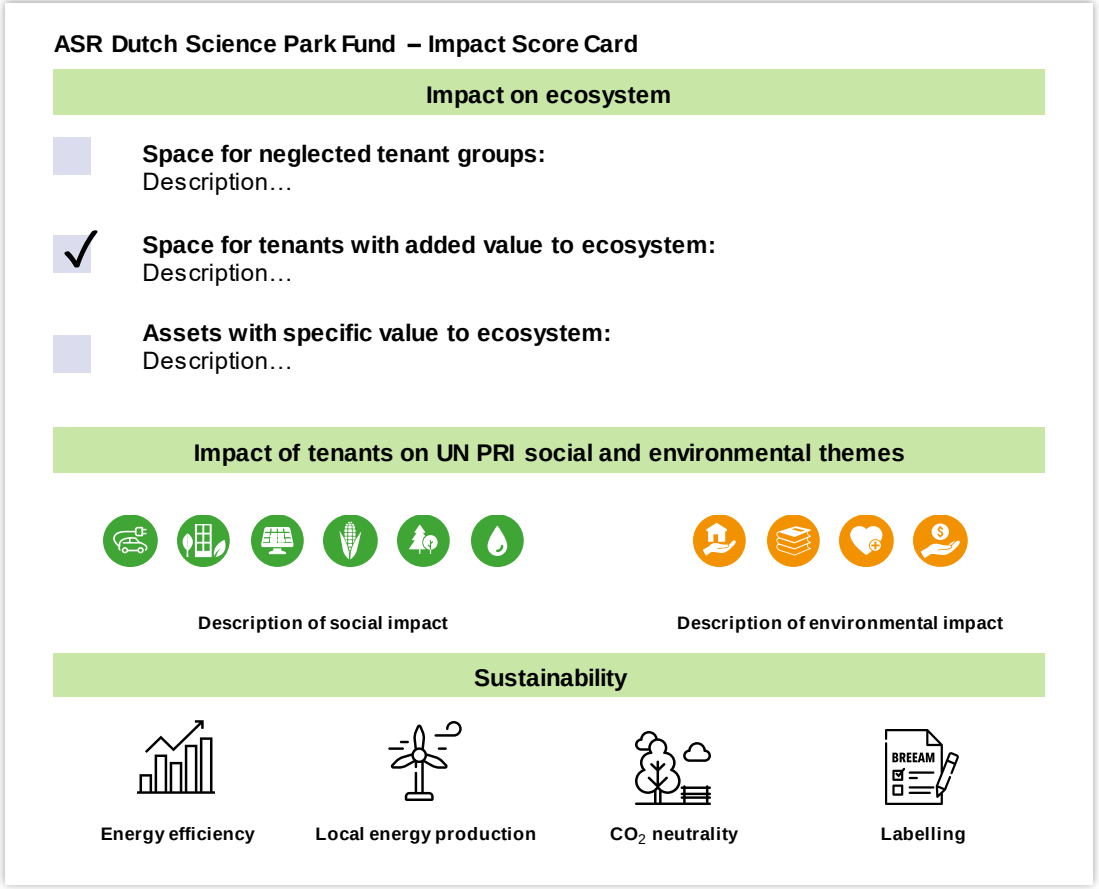
Social and environmental impact of tenants
The impact an investment has on the local ecosystem is highly dependent on the contributions its tenants make. To categorise these contributions, the UN PRI impact themes will be applied.

Since the anchors on science parks have aligned themselves with specific sustainable development goals (**p. 53**), in line with their area of expertise and education (tech, biomedical, agricultural etc.), tenants on selected science parks are able to contribute to all UN PRI impact themes.

The Fund therefore aims to build up a tenant base, where at least 50% of all tenants have a direct impact on the categories defined by the UN PRI Impact Market Map. The Fund aims to report on the contribution to the UN PRI impact goals, for every asset in the portfolio.

Sustainability
As a Fund which has aligned itself with making a positive impact, sustainability is an integral part of its strategy. Furthermore, when launching a build-to-core fund in 2019, alignment with a future built environment that is CO_2-neutral should be obvious, as is further elaborated on in the next pages.

Schematic example of impact reporting, per asset



Impact policy

Sustainability goals (1/2)

Introduction
As the Fund has a build-to-core strategy with a large expected share of newly built assets, it can exert greater influence on the sustainability standards of its portfolio. The Fund will strive for a highly sustainable standard not only from an impact perspective but also also from a risk/return perspective. By being ready for a CO_2-neutral future, the Fund's assets will contribute to the energy transition and will not require heavy investments in the future. In order to realise this, the Fund has the following targets:

New buildings
The Fund aims for all new properties to be **CO_2-neutral** through the following measures:

- New properties will not be connected to the natural gas grid and will be heated through either an all-electric system or connection to an alternative sustainable source.
- Electricity from a sustainable source (see also green leases, next page).
- Green Building Certificates (BREEAM, LEED, GPR, etc.) are issued in recognition of sustainable and well-managed properties. The Fund aims to obtain at least a BREEAM Excellent or comparable green building certificate (WELL, LEED, GPR, etc.) for 50% of newly built properties.

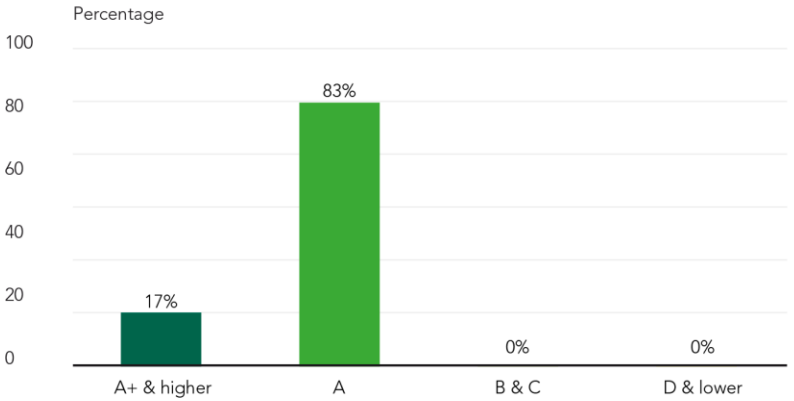
Existing buildings
The Fund aims for all existing properties to be ready for a **CO_2-neutral future**, through the following measures:

- Existing properties will be upgraded to at least an A label, unless inhibited by, for example, a monument status, and will switch from the natural gas grid to a sustainable source in line with regional or municipal planning.
- The Fund aims to obtain at least a BREEAM-NL In-Use Very Good or comparable certificate for 50% of existing buildings.

Entire portfolio

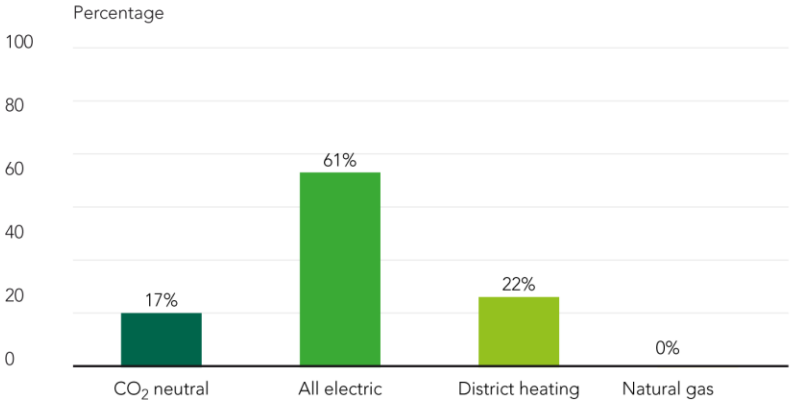
- All the Fund's properties will maximise energy production at asset level (e.g. PV panels) where possible, in combination with energy production at science park level (see next page).
- Furthermore, the Fund will target efficient waste and water management to reduce waste and water usage, and include health goals in its impact policy.

Distribution of energy labels of portfolio/pipeline ASR DSPF (2019)



Source: a.s.r. real estate, 2019

Expected energy source of portfolio/pipeline ASR DSPF (2019)



Source: a.s.r. real estate, 2019

Impact policy

Sustainability goals (2/2)

Contribute to on-site renewable energy production on every science park within the portfolio

- The Fund will employ local energy sources such as central thermal storage or geothermic energy (as on the TU Delft Campus) where possible and aims to contribute to local energy production such as central solar solutions or other means of energy production on every campus within its portfolio.

Green leases

- The Fund strives to provide all lease contracts with a green lease clause, including electricity from a fully sustainable source (e.g. 100% wind or solar, supplied through the national power grid), to reduce waste and energy and water use, among other things.

Optimal monitoring of sustainability performance

- Having a solid understanding of the Fund's sustainability performance is a key goal. By using an integrated system to monitor installations, identifying systems that are not performing as they should, quick wins can be achieved. The Fund will report its first analysis in 2020.

Active tenant participation programme and optimal engagement of partners in the chain

- In order to raise awareness and encourage tenants and landlords to take responsibility, CSR is a key agenda item in meetings with major stakeholders, so as to enhance CSR awareness and performance. Every year the Fund will conduct one project per science park together with the tenants to improve the quality of the ecosystem.

Monitor effects of climate change

- Besides the Fund's focus on climate mitigation, insight into the adverse effects of climate change is key to mitigate the impact of climate change on the portfolio. The Fund therefore assesses the risks and effects of climate change on its portfolio, to determine how urgently amendment is required. An important objective for 2020 is to further improve the monitoring of these effects.

TU Delft Campus, Delft

Case Study
Oldelft

Circularity as part of a sustainable vision
Oldelft lab is a forward-funded, single-tenant research and lab facility. The asset is fully leased to an industry-leading producer of medical equipment. The building is designed to a highly sustainable and circular standard, with a BREEAM excellent certificate and connection to the area's central heat and cold storage system.

Circularity is the basis of the design and realisation of the property, including the use of dry construction connections and (as a result) a relatively simple demountable and reusable construction and other building components. The architect, CEPEZED, is one of the leading firms in terms of sustainability in the Netherlands and has won various awards for its projects.

When implementing sustainability, circularity in a design and build process, not only in the finished project, is kept in mind. Natural inclusion will also be important during construction, which is set to start in October 2019. An ecological report and working protocol have therefore been drawn up for implementation. Among other things, they describe requirements for making the construction site safe for small marten-like species, the water shrew and various bird species. Natural inclusion will remain part of the building throughout its lifetime. The new building will accordingly have green façades, planted with a mix of climbing plants that are in the open ground.

Sustainability is also embedded in the use of the building. The lease agreement requires that Oldelft will use the rented property in a sustainable and energy-efficient manner. The tenant will use energy-saving lamps and LED lighting as much as possible, switch off the lighting in the leased property outside opening hours, furnish the leased property with energy-efficient and water-saving devices, limit waste as much as possible and offer it separately where possible. As part of the Green Lease clause, the tenant will provide access to energy and water usage data.


Oldelft, TU Delft Campus, Delft

Impact policy

Sustainable Development Goals

Integrating SDGs
a.s.r. has categorised its contribution to the SDGs in four themes: sustainable insurer, sustainable investor, sustainable employer and sustainable role. These themes have been included in a.s.r.'s annual report. Subsidiary a.s.r. real estate added a fifth and sixth theme, sustainable real estate investor and sustainable tenants, to monitor its specific contribution to the SDGs from a real-estate perspective.

Besides the Impact made by the Fund's tenants, as measured through the UN PRI Impact factors, the Fund's real estate actively contributes to five SDGs:

SDG 7: Affordable and clean energy
The Fund has set the objective of contributing to local energy production on every science park, e.g. through the installation of PV panels. The Fund also aims to further improve the portfolio's energy efficiency. Progress will be monitored by keeping track of the generated amount of renewable energy (kWh) and intensity ratios.

SDG 9: Industry innovation and infrastructure
The Fund invests in sustainable research and development facilities on innovative hubs throughout the Netherlands.

SDG 11: Sustainable cities and communities
The Fund invests in future-proof environments, contributing to local sustainability goals through at least one project per science park per year.

SDG 12: Responsible consumption and production
The Fund aims to minimise its electricity and greenhouse intensity ratios. The Fund publishes its CSR policy annually and adheres to the sustainability guidelines. The Fund also checks whether its chain partners comply with its CSR policy.

SDG 13: Climate action
Besides the Fund's focus on climate mitigation, insight into the adverse effects of climate change is key in mitigating the impact of climate change on the portfolio.

Impact policy

Reporting and benchmarking

Reporting
The Fund's CSR policy is aligned with important guidelines set by reputable organisations:

- UN Principles for Responsible Investment
- The UN Global Compact
- INREV (European Association for Investors in Non-listed Real Estate Vehicles)
- IVBN (Foundation for Dutch Institutional Investors in the Netherlands)
- Dutch Insurance Code

As far as applicable, the Fund was set up in conformity with INREV Guidelines, therefore:

- a.s.r. has implemented a code of ethics to demonstrate its integrity, which applies to all Group Companies, including the Management Company and a.s.r. real estate;
- The Management Company and a.s.r. real estate exercise the necessary control over their staff, external advisers and service providers (including a.s.r. real estate) to ensure that it can operate in the best interests of the Fund;
- a.s.r. and the ASR Dutch Science Park Fund have an aligned CSR policy;
- a.s.r. has an aligned policy on risk identification and management ("Control Risk Self-Assessment") for its Group Companies and the Fund.

All 8 modules of the INREV Guideline Framework will be completed and reported on in the Fund Documentation.

People
The Fund aligns with the sound business practices of a.s.r. real estate on the following subjects:

- Sound business practices
- Provide employees with opportunities for personal development
- Focus on employees' health and wellbeing
- Employee satisfaction > 80%

More information can be found on the a.s.r. real estate website.

Global Real Estate Sustainability Benchmark (GRESB)
GRESB is an independent benchmark that assesses the sustainability policies of real-estate investment funds and portfolios around the world. Fund managers can use their GRESB scores as the basis for examining and improving their sustainability policies and implementations.

The ASR Dutch Science Park Fund will take part in the GRESB Survey for the first time in 2020. Despite the Fund's far-reaching ambitions, it will take at least two years to reach a higher score for some categories, e.g. the Implementation & Measurement section, due to the lack of a track record. Some categories require a multi-year data set, which the Fund is able to produce from 2020 onwards.

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