

ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: ASR Dutch Farmland Fund (the "Fund")

Legal entity identifier: 724500Q41C880Y4A2N91

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0¹% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes various environmental and social characteristics which are set out in its ESG policy. The Fund's vision on Environment, Social and Governance (ESG) is to accommodate the interests of tenants and investors in the best possible way by creating and maintaining assets that have long-term value from both a financial and a social perspective, and to achieve this in a sound and responsible manner with engaged and aware partners and employees. To work towards these goals, the Fund has developed an Environment, Social and Governance (ESG) strategy around three themes:

1. Environment: Dedicated to decarbonisation
2. Social: Making a positive impact on society
3. Governance: Compliant with sustainability regulations

The Fund does not use a formal benchmark to compare its results with those of its peers.

¹ The Fund's investments are not eligible to the screening criteria for sustainable investments under the SFDR and EU Taxonomy.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators that are used to measure the attainment of the environmental or social characteristics promoted by the Fund are:

Strategic objectives 2023-2025		
Strategic objectives	Target 2023	Target 2025
Environment		
Sustainable productivity and sustainable farmer's income		
Soil use - Portfolio contributes to food supply (% of portfolio)	≥ 80%	≥ 80%
Soil quality - Tenant participation in 'Open bodemindex' (% of portfolio)	≥ 10%	≥ 20%
Green leases for new ground lease agreements for arable farmers	≥ 60%	≥ 80%
Green leases for new ground lease agreements for dairy farmers	≥ 90%	100%
Green leases for existing agreements	≥ 10%	≥ 20%
Reducing greenhouse gas emission		
Carbon footprint (tons CO ₂ -equivalent per hectare)	≤ 15.2	≤ 14.5
Allocate suitable farmland for renewable energy (# of projects / year)	≥ 5	≥ 5
Expand our emission reduction plan with nitrogen emissions and water quality	Design Plan	Execute Plan
Adapting to climate change and improve biodiversity		
Climate adaptation - landscape elements (# of projects / year)	≥ 5	≥ 15
Making agricultural land available for the development of sustainable initiatives and alternative crops (# hectares)	100	200
Improve local biodiversity	Design plan	Execute plan
Social		
Community & Tenants		
Tenant satisfaction	≥ 7.5 / 10	≥ 7.5 / 10
Active tenant participation programme (# of events / year)	≥ 2	≥ 2
Facilitate young farmers (# of hectares new young farmers ground leases / year)	150	150
Facilitate and publish agricultural confidence index (# of publications / year)	4	4
Our employees		
Employee satisfaction rating (eMood® score)	≥ 7.5	≥ 7.5
Personal development		
- Training (% of annual salaries)	≥ 1%	≥ 1%
- Sustainable employability (% of annual salaries)	≥ 1%	≥ 1%
Health & well being (eMood® vitality score)	≥ 7.5	≥ 7.5
Governance		
Compliant		
Alignment with sustainability guidelines	✓	
- SDGs	✓	
- SFDR article 8	✓	
Sound business practices	✓	

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The Fund promotes one of the climate and environmental objectives as included in article 9 of the Taxonomy Regulation, being the objective 'climate mitigation'. The Fund promotes this objective in its underlying investments, by promoting the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement. The Fund has activities for which low-carbon alternatives are not yet available but is dedicated to measure, report on and reduce the emissions from the portfolio. The objectives as presented in the table above go beyond carbon emissions only. These strategic ESG objectives are part of every investment decision the Fund makes.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Fund does not significantly harm any other of the environmental objectives (i.e. climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems), for the following reasons:

(i) **climate change adaptation:** the activities of the Fund have less adverse impact on the current climate and expected future climate, on the activity itself or on people, nature or assets compared to agricultural standards;

(ii) **the sustainable use and protection of water and marine resources:** the activities of the Fund are not detrimental to the good status or the good ecological potential of bodies of water or to the good environmental status of marine waters;

(iii) **the transition to a circular economy:** the activities of the Fund do not lead to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources, do not lead to a significant increase in the generation, incineration or disposal of waste and do not lead to the long-term disposal of waste which may cause significant and long-term harm to the environment;

(iv) **pollution prevention:** the activities of the Fund do not lead to a significant increase in the emissions of pollutants into air, water or land, as compared with the situation before the activity started, as the Fund promotes emissions reductions; and

(v) **restoration of biodiversity and ecosystems:** the activities of the Fund are not significantly detrimental to the good condition and resilience of ecosystems or detrimental to the conservation status of habitats and species, as compared with the situation before the activity started.

Additionally, the do no significant harm criteria of the SFDR regulation (PAI indicators) can be found in the question below.

How have the indicators for adverse impacts on sustainability factors been taken into account?

As there are no specific adverse impacts indicators available for farmland investments, the Fund has only identified one indicator applicable to the Fund of Annex 1, table 2, being GHG emissions.

GHG emissions

Coinciding with its Paris Proof target, the Fund has set the objective to reduce its GHG emissions, measured in tons of CO₂-equivalent per hectare, achieving a significant reduction of GHG emission. The Fund has set ambitious objectives to reduce emissions in its portfolio, even more ambitious than the objectives mentioned in the national Climate Agreement for the agriculture sector as presented by the Dutch Ministry of Agriculture, Nature and Food Quality.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Fund will do its utmost best to handle in line with the OECD Guidelines for Multinational Enterprises and on the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.



Does this financial product consider principal adverse impacts on sustainability factors?

- Yes,
The Fund considers principal adverse impacts on sustainability factors by drawing up its own annual ESG policy which sets out specific sustainability objectives, including the Fund's considered adverse impacts on sustainability factors. The Fund's principal adverse impacts on sustainability are disclosed in the annual report and are taken into consideration in every investment decision the fund takes.
- No



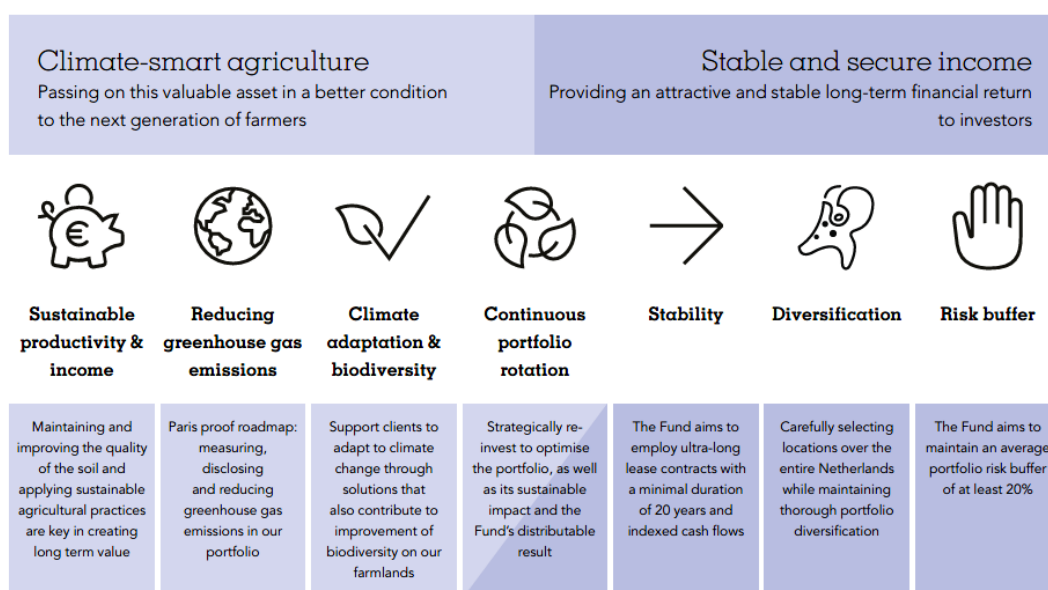
What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment goals of the Fund are twofold:

1. Provide an attractive long-term return in combination with a relatively low-risk character, with low correlation to common asset classes or other types of real assets. This objective is translated into the Fund's stable and secure income strategy.
2. Creating 'perpetual value' for its investors through responsible stewardship by engaging farmers to pass on this valuable asset in a better condition to a next generation. This objective is translated into our climate smart agriculture strategy.

The investment strategy is designed around the Fund's two key investment goals as presented above and consists of two parts: a stable & secure income strategy and a climate smart agriculture strategy. The strategy is implemented in the portfolio through continuous portfolio rotation and active asset management.



- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics, are the binding elements as reflected in the Environment, Social and Governance policy of the Fund. The main ESG considerations in the selection of investments are the ESG strategic objectives which can be found under the question 'What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?'.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund has made no commitment to reduce by a minimum rate the scope of investments considered prior to the application of the strategy as set out above. The Fund has real estate in its portfolio that does not yet meet the requirements as set out above. These real estate assets have objectives in order to meet the requirements.

- **What is the policy to assess good governance practices of the investee companies?**

Not applicable. The Fund does not invest in government bonds, corporate bonds or shares of (listed) companies.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



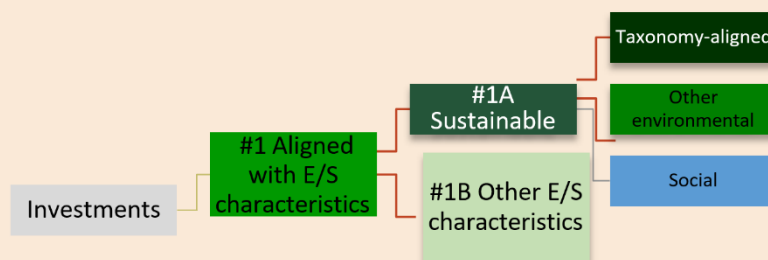
What is the asset allocation planned for this financial product?

The asset allocation of the Fund is 100% towards direct rural real estate assets. All assets of the Fund align with the E/S characteristics, since the Fund's objectives apply to the entire portfolio. As at 30 September 2022, no distinction can be made between sustainable and other E/S characteristics under the SFDR using the PAI indicators. As at 30 September 2022, none of the Fund's investments are eligible under the EU Taxonomy.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund does not use derivatives.

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are

activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are

sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

At the moment, the Manager has not been able to provide any relevant disclosures under this section / question, as the Fund focuses solely on the agriculture sector, the screening criteria which have been removed by the European Commission from an earlier draft version of the relevant EU Taxonomy Climate Delegated Act (see the European Commission's Q&A dated 21 April 2021) and, as a result, the current Delegated Act does not provide for any relevant screening criteria for the Fund. As soon as relevant screening criteria will be published with respect of the agriculture sector the relevant disclosures under this section will be updated to the extent relevant and required.

- ***What is the minimum share of investments in transitional and enabling activities?***

The Fund has not set an objective for a minimum share of transition and enabling activities. However, the Fund's activities can be classified as transitional activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance. The Fund has set ambitious objectives to further reduce emissions in its portfolio, even more ambitious than the objectives mentioned in the national Climate Agreement for the agriculture sector as presented by the Dutch Ministry of Agriculture, Nature and Food Quality. With its green lease discount for farmers that meet our sustainability criteria, the Fund promotes the transition of the Dutch agriculture sector.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

At the moment, the Manager has not been able to provide any relevant disclosures under this section / question, as the Fund focuses solely on the agriculture sector, the screening criteria which have been removed by the European Commission from an earlier draft version of the relevant EU Taxonomy Climate Delegated Act (see the European Commission's Q&A dated 21 April 2021) and, as a result, the current Delegated Act does not provide for any relevant screening criteria for the Fund. As soon as relevant screening criteria will be published with respect of the agriculture sector, the relevant disclosures under this section will be updated to the extent relevant and required.



What is the minimum share of socially sustainable investments?

The Fund has not set an objective for a minimum share of socially sustainable investments. However, the Fund has set various social objectives for the community & tenants and its employees. These objectives include the increase of tenant satisfaction & participation, facilitation of young farmers and employee development programs. For a full overview, please see the table under: *What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

None, as all the investments of the Fund are aligned with E/S characteristic



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

This question is not applicable, as no specific index has been designated as a reference benchmark.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://en.asrrealestate.nl/investments/asr-dutch-farmland-fund>