

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, LEI: 391200JCQXQMLWBTTU19

Summary

The EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) requires that financial market participants that consider principal adverse impacts on their investment decisions on sustainability factors do so transparently by publishing a periodic statement.

PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, LEI: 391200JCQXQMLWBTTU19 considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of PATRIZIA GrundInvest KVG mbH (hereafter “the Company”). This statement sets out how the Company’s investment decisions impact sustainability factors, including quantification of impact with respect to its assets under management, an explanation of the methodologies and reasoning for arriving at the figures disclosed, and a summary of the key actions taken during the reference period to address the impacts, or planned for the subsequent period. This statement covers the reference period from 1 January to 31 December 2023.

The Company considers principal adverse impacts in line with its overarching Responsible Investment Policy, which establishes that material sustainability factors are considered in investment analysis and decision-making processes, including the selection of investments and management during the hold period of assets. The information provided herein relates primarily to group-level policies, processes, and initiatives, which apply to the Company. Consideration of principal adverse impacts is not binding for individual funds unless such commitments constitute the investment strategy, which is subject to investor preferences. A subset of funds managed by the Company with a focus on sustainability may include binding commitments regarding sustainability factors, whereas other funds monitor adverse impacts from a risk-oriented perspective.

Principal adverse impacts of investment decisions on sustainability factors (“PAI”) are those that result in the most significant negative effects, whether material or likely to be material. For investments in real estate, mandatory indicators include:

- PAI 17: Exposure to fossil fuels through real estate assets, defined as the share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels; and
- PAI 18: Exposure to energy-inefficient real estate assets, defined as the value of real estate assets built before 31/12/2020 with Energy Performance Certificate (EPC) rating of C or below, and the value of real estate built after 31/12/2020 with primary energy demand (PED) below Nearly Zero Energy Building Standards (NZEB), in relation to the total value of real estate assets required to abide by EPC and NZEB rules.

Optional indicators that the Company determines to be material and chooses to disclose for investments in real estate include:

- Greenhouse gas emissions; and
- Energy consumption intensity

The Company strives to continuously improve its approach to ESG integration and may include further indicators in subsequent disclosures if sufficiently robust data is available for integration into the investment process or where the indicator is determined to be material to the investment activity.

Zusammenfassung

PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH, LEI: 391200JCQXQMLWBTTU19 berücksichtigt die wichtigsten nachteiligen Auswirkungen seiner Investitionsentscheidungen auf Nachhaltigkeitsfaktoren. Bei der vorliegenden Erklärung handelt es sich um die konsolidierte Erklärung zu den wichtigsten nachteiligen

Auswirkungen auf die Nachhaltigkeitsfaktoren von der PATRIZIA GrundInvest Kapitalverwaltungsgesellschaft mbH (nachfolgend „Gesellschaft“). Diese Erklärung zu den wichtigsten nachteiligen Auswirkungen auf die Nachhaltigkeitsfaktoren bezieht sich auf den Bezugszeitraum vom 1. Januar bis zum 31. Dezember 2023.

Die Gesellschaft berücksichtigt die wichtigsten nachteiligen Auswirkungen im Einklang mit ihrer übergreifenden Responsible Investment Policy, die vorsieht, dass wesentliche Nachhaltigkeitsfaktoren bei der Auswahl von Investitionen berücksichtigt und während der Haltedauer der Immobilien durch die Einbeziehung von Maßnahmen in die Business Pläne der Immobilien überwacht werden. Die hier bereitgestellten Informationen beziehen sich in erster Linie auf Initiativen auf Gesellschaftsebene. Einzelne von der Gesellschaft verwaltete Fonds mit einem Schwerpunkt auf Nachhaltigkeit können spezifische verbindliche Verpflichtungen in Bezug auf Nachhaltigkeitsfaktoren enthalten, während andere Fonds ohne solche Verpflichtungen negative Auswirkungen aus einer risikoorientierten Perspektive berücksichtigen können.

Die wichtigsten nachteiligen Auswirkungen von Anlageentscheidungen auf Nachhaltigkeitsfaktoren ("PAI") sind diejenigen, die zu den bedeutendsten negativen Auswirkungen führen, unabhängig davon, ob sie wesentlich sind oder wahrscheinlich wesentlich sein werden. Für Investitionen in Immobilien gehören zu den obligatorischen Indikatoren:

- PAI 17: Engagement in fossilen Brennstoffen durch die Investition in Immobilien, definiert als der Anteil der Investitionen in Immobilienanlagen, die im Zusammenhang mit der Gewinnung, der Lagerung, dem Transport oder der Herstellung von fossilen Brennstoffen stehen; und
- PAI 18: Engagement in Immobilien mit schlechter Energieeffizienz, definiert als der Wert von Immobilien, die vor dem 31.12.2020 errichtet wurden und einen Energieausweis (EPC) der Stufe C oder darunter aufweisen, und der Wert von Immobilien, die nach dem 31.12.2020 gebaut wurden und einen Primärenergiebedarf (PED) aufweisen, der unter dem Niedrigstenergiegebäude-Standard (NZEB) liegt, im Verhältnis zum Gesamtwert der Immobilien, die die EPC- und NZEB-Vorschriften einhalten müssen.

Zu den optionalen Indikatoren, die das Unternehmen als wesentlich erachtet und für Investitionen in Immobilien offenlegt, gehören:

- Treibhausgasemissionen; und
- Intensität des Energieverbrauchs

Die Gesellschaft ist bestrebt, ihren Ansatz zur ESG-Integration kontinuierlich zu verbessern und kann in späteren Veröffentlichungen weitere Indikatoren einbeziehen, wenn ausreichend belastbare Daten für die Integration in den Investitionsprozess zur Verfügung stehen oder wenn der Indikator als wesentlich für die Investitionstätigkeit eingestuft wird.

Description of the principal adverse impacts on sustainability factors

Where relevant to the Company's investment activities, the following information summarizes the metrics, impacts, and associated remedial actions undertaken and planned, related to adverse impacts, whether material or likely to be material, to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters (for investments in real estate, these pertain to environmental factors).

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	This section is not applicable, as the Company does not
		Scope 2 GHG emissions	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	

		Total GHG emissions	N/A	N/A	manage investments in investee companies.	
	2. Carbon footprint	Carbon footprint	N/A	N/A		
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A		
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	N/A	N/A		
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	N/A	N/A		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	N/A	N/A		
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A		
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A		
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD	N/A	N/A	This section is not applicable, as the Company does not	The Company's policies insist on behaviours that are consistent with international guidelines on the respect of

	Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Guidelines for Multinational Enterprises			manage investments in investee companies. The information disclosed voluntarily in this section under ‘actions taken, and actions planned, and targets set for the next reference period’ refers to the Company’s wider activities regarding the adverse sustainability indicator.	fundamental human rights, including OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, 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.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	N/A	N/A		
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A		
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A		
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	N/A	N/A		

Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	This section is not applicable, as the Company does not manage investments in sovereigns and supranationals.	
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee	N/A	N/A		

		countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law				
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	0%	<p>Data coverage is 100%. This indicator is interpreted to include real estate that is used directly for the purposes of extraction, storage, transport, or manufacture of fossil fuels. This therefore excludes real estate with <i>de minimis</i> storage of fuel (e.g., for an emergency generator), or real estate leased to a corporate occupier with downstream involvement in the fossil fuel industry. Exposure within the portfolio typically relates to investment in real estate that includes a unit leased as a refueling station, which is often a minor component of the asset and not the primary use. In this case, the whole asset is considered to be involved in the extraction, storage, transport or manufacture of fossil fuels.</p> <p>Exposure remains at 0%, aligned with 2022.</p>	While the Company does not exclude investments in real estate with exposure to fossil fuels, it includes an assessment of fossil fuel exposure as part of its due diligence process. Where there is exposure, this is typically not material and a minor component of the asset. There is currently no exposure within the portfolio. Exposure will be continually monitored to determine if further action is required.

Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	41.9%	40.6%	<p>By this definition, a significant majority of the wider real estate sector across Europe is inefficient, and the low carbon transition is an industry-wide challenge.</p> <p>The Company invests in a range of underlying assets, a minority of which have an EPC rating that is equivalent to C or higher. The Company does not restrict investments in energy inefficient assets, as performance can be improved through intervention during the hold period, which is in line with the Company's decarbonisation commitments.</p> <p>The increase in inefficient assets is not driven by worsening EPCs but a change in market value of the assets. EPCs have remained at the same levels vs. 2022.</p> <p>Figures are based on data coverage of 100%.</p>	For all acquisitions, energy efficiency is assessed from the deal introduction stage through to due diligence, which informs asset business plans.
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Other indicators for principal adverse impacts on sustainability factors

Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets	N/A	N/A	Based on data coverage of 100%. 100% of the figure is PATRIZIA SE undertook an assessment of asset level

		Scope 2 GHG emissions generated by real estate assets	N/A	N/A	estimated due to limited data availability (data source: CRREM v2). Total emissions have increased vs. 2022 due to increased coverage of assets.	decarbonisation requirements and associated climate change transition risk across all prioritized real estate funds, leveraging the Carbon Risk Real Estate Monitor (CRREM), with 100% coverage in 2023 achieved for in scope assets. This informs investment decision making, such as the prioritization of assets for undertaking Energy Audits or planning interventions for addressing inefficient assets. Data collection is expected to increase over the next reporting period, with a target of holding 100% of landlord procured energy by 2025. This is being established via tenant engagement strategies. Additionally, an external ESG data collection platform ('Deepki') is being rolled out to further help automate data collection processes. Further targets and activities planned for the next reference period include continuing to increase data coverage for energy consumption intensity. Additionally, further decarbonisation resources, such as a robust carbon accounting policy and an inhouse decarbonisation manual for identifying the most effective asset decarbonisation measures.
		Scope 3 GHG emissions generated by real estate assets	N/A	N/A		
		Total GHG emissions generated by real estate assets	9,858 tCO2e	9,837 tCO2e		
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0.00020 GWh/sqm	0.00018 GWh/sqm	Based on data coverage of 100%, with a maximum coverage of 100%. The figure has been calculated used 46% of actual heating consumption data and 6% electricity consumption data. Where there is no available actual data, IEA proxy data has been used. The increase in energy consumption intensity is due to the inclusion of actual data and change of data proxy source, vs. 2022 which relied 100% on CRREM v2 proxy data.	

Description of policies to identify and prioritize principal adverse impacts on sustainability factors						
<p>The identification and prioritization of principal adverse impacts on sustainability factors is shaped by the Company's Responsible Investment Policy, which establishes that material ESG factors are considered at key stages in the investment decision making process. The policy defines responsibilities for respective teams to incorporate minimum requirements and suggested best practices within organizational strategies and procedures. This is supported by the Group ESG Committee and a central Sustainability Team. The Responsible Investment Policy is reviewed annually, in light of best practices, and governed by the Group's Executive Committee and adopted by the Company's Management Board.</p> <p>Principal adverse impacts are identified and prioritized from a macro and micro perspective. At the macro-level, our Investment Strategy & Research identifies thematic priorities, such as decarbonisation, and our Sustainability team identifies collaborative initiatives, such as the Net Zero Asset Managers Initiative. This shapes the Company's overarching sustainability goals and targets and the development of tools, resources, and processes. This is supplemented by engagement with stakeholders, and portfolio-wide analysis, based on data collection and external data sources. At the micro-level, adverse impacts are identified and prioritized through the use of proprietary tools, such as the Company's due diligence process, which assesses a wide range of ESG criteria to determine material issues to be addressed by asset business plans. Prioritization may also be informed by other factors, such as the investment strategy of products, the determination of risks or opportunities, data availability, our ability to influence the impact. In 2023, PATRIZIA conducted a double materiality assessment by engaging with a diverse range of stakeholders to identify the materiality of ESG topics from their perspective, from both an impact (inside-out) and financial (outside-in) standpoint. The assessment comprised surveys, interviews and workshops, including 150 stakeholders, and results were analysed by an independent third party. The assessment has enabled PATRIZIA to further identify and evaluate material topics and it was the first step taken to align with the Corporate Sustainability Reporting Directive (CSRD).</p>						
Data quality and limitations						
<p>While best efforts are made to collect data from underlying investments to assess and report on adverse impact indicators, there are factors, including industry-wide challenges, that limit data availability, particularly where data owners, such as building occupiers, are not obligated to share data. In such cases, the Company leverages suitable proxies, based on granular benchmarks, as highlighted in the relevant sections of this disclosure. For the disclosure of greenhouse gas emissions, data is sourced from CRREM (version 2).</p> <p>SFDR is subject to ongoing clarification and does not currently provide specific definitions for certain indicators, such as fossil fuel exposure, nor a prescribed approach for carbon accounting. The definition of energy inefficient asset exposure is based on an EPC rating of 'C', whereas EPC ratings are not harmonized across jurisdictions, and several do not currently use a letter-grade rating system. There is no industry standard approach for converting EPC ratings, so the Company has engaged with industry groups to determine a suitable methodology.</p> <p>As this is the second disclosure of this kind, there are limitations to its accuracy, but it is intended that the quality will be improved over time. The Company is making best efforts to increase data availability, such as through asset-level measures, including installation of smart meters and implementation of green leases, and Company-wide measures, including a review of ESG data management platforms, engagement with service providers, and allocation of dedicated resources for data processing.</p>						
Engagement policies						
<p>The Company maintains regular dialogue with key stakeholders, including investors, service providers, building occupiers, and industry groups, and encourages engagement with local communities. Collaboration with stakeholders is fundamental to the delivery of the Company's sustainability strategy, and, where appropriate, engagements are structured through contractual agreements, such as Property Management Agreements and Green Lease Clauses. The Company engages service providers with similar values concerning environmental, social, and governance factors, and requires that preferred partners align with its Supplier Code of Conduct. This sets out principles and safeguards regarding ethics, compliance, community involvement, protection of people and the environment.</p>						
References to international standards						

The Company is committed to abiding by the highest standards of responsible business conduct and is a signatory of the United Nations Principles for Responsible Investment (UN PRI). The Company's policies insist on behaviours that are consistent with international guidelines on the respect of fundamental human rights, including OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, 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.

The Company commits to acting in support of the UN Sustainable Development Goals (UN SDGs), including – but not limited to – Climate Action. This includes a commitment to achieving net-zero carbon by 2040 or sooner, exceeding the ambition of the Paris Agreement, as marked by its signatory to the Net Zero Asset Managers Initiative.

The Company's due diligence and reporting processes are informed by international standards and sector-specific guidelines, including the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), GRESB, and the Task Force on Climate-Related Financial Disclosures (TCFD).

Change History

Version	Date of release	Summary of Changes
1	06/2023	First release – relating to 2022 data (1 st January 2022 – 31 st December 2022)
2	04/2024	Adding Change History
3	06/2024	Second release – relating to 2023 data (1 st January 2023 – 31 st December 2023)