

HHH Invest Real Estate GmbH



HHH Invest Sustainability Report 2020



Prepared according to the "Core" option of the GRI Standard



Introduction

The European Union has adopted ambitious goals for its climate and energy policies.

Key objectives for 2030 include

- lowering greenhouse gas emissions by 55% or more (compared to 1990),
- raising the share of energy from renewable sources to 32% or more, and
- increasing the energy efficiency by 32.5% or more.

Beyond these objectives, the EU heads of state and government committed to the goal of climate neutrality by 2045 in December 2019. By that time, the European Union will seek to avoid all greenhouse gas emissions, to the extent possible.

Sustainability has become firmly anchored in the political agenda in the time since. The EU Action Plan for Sustainable Finance indicates that capital flows should increasingly be channelled into sustainable investments.

Going forward, this will entail tightened transparency requirements about the sustainable activities actually implemented.

In addition to the environmental objectives, the societal transformation involves social factors and requirements concerning corporate governance.

We at HIH Invest Real Estate GmbH (“HIH Invest”) recognised the growing significance of environmental and social issues as important factors early on, and have been making an intense effort to implement sustainability criteria so as to live up to our responsibility vis-à-vis investors, employees, the environment and society at large. Accordingly, ESG will be a key criterion for investment decisions, in addition to yield and risk criteria.

For the further development and implementation of the sustainability strategy, the senior management of the HIH Group set up an ESG team. The ESG team members are recruited from all HIH Group units and companies, which means that the competencies from the various corporate units are effectively bundled in a single team. At HIH Invest, the ESG team under Iris Hagdorn, Head of Sustainability, collaborates closely with the senior management.

In this context, HIH Invest pursues a sustainability strategy that takes the relevant EU regulations into account on the product and company level. Accordingly, ESG criteria are considered throughout the entire investment process.

The sustainability approaches of HIH Invest aim to

- reduce resource depletion,
- optimise resource efficiency and
- contribute to a welcoming social environment.

On this basis, the team developed and implemented the company’s ESG mission statement – along with a sustainable investment strategy adapted for the fund products. Many requirements have yet to be specified by the German legislature, and successive adjustments are sure to follow in future.

On top of that, we attach great importance to transparency in the way we handle the sustainability issue. We consider global standards indispensable for the effort to achieve a sustainable future. Accordingly, the standards we used for this report to measure the sustainability performance and to make them comparable to the



base year of 2020 are the principles of the Global Reporting Initiative (GRI) commonly applied throughout the world.

GRI seeks to enhance the transparency and to help organisations take on responsibility on their own authority. The standards defined by GRI cover everything from anti-corruption to water, from biodiversity to occupational safety and health protection, and from taxes to emissions.



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1 LIST OF ABBREVIATIONS

(m/f/d)	male, female, diverse
AT	Austria
BE	Belgium
BVI	Federal Association for Investment and Asset Management
CH	Switzerland
CO ₂	carbon dioxide
CZ	Czech Republic
DE	Germany
E.C.O.R.E.	ESG Circle of Real Estate
ESG	environmental, social, governance
FI	Finland
FR	France
GB	United Kingdom
HIH	Hamburgische Immobilien Handlung
HU	Hungary
IE	Ireland
INREV	Investors in Non-Listed Real Estate Vehicles
km	kilometres
KR	Croatia
kWh	kilowatt hours
sqm	square metre
cbm	cubic metre
NL	Netherlands
NZ	New Zealand
OG	upper floor
PL	Poland
PRI	Principles for Responsible Investment
inter alia	among others
e. g.	for example



2 BASES OF OUR ACTIONS

2.1 ESG as Core Aspect of our Actions

Responsible investing and sustainable management of all real estate, and the application of this approach in all business divisions, represent integral components of the corporate philosophy of HIH Invest Real Estate GmbH. The company attaches particular importance to a sustainable and efficient management of its properties, as well as to showing consideration for other people and the environment. Complying with the ESG criteria and taking advantage of structuring options are key aspects within the value systems, strategies and structures of HIH Invest.

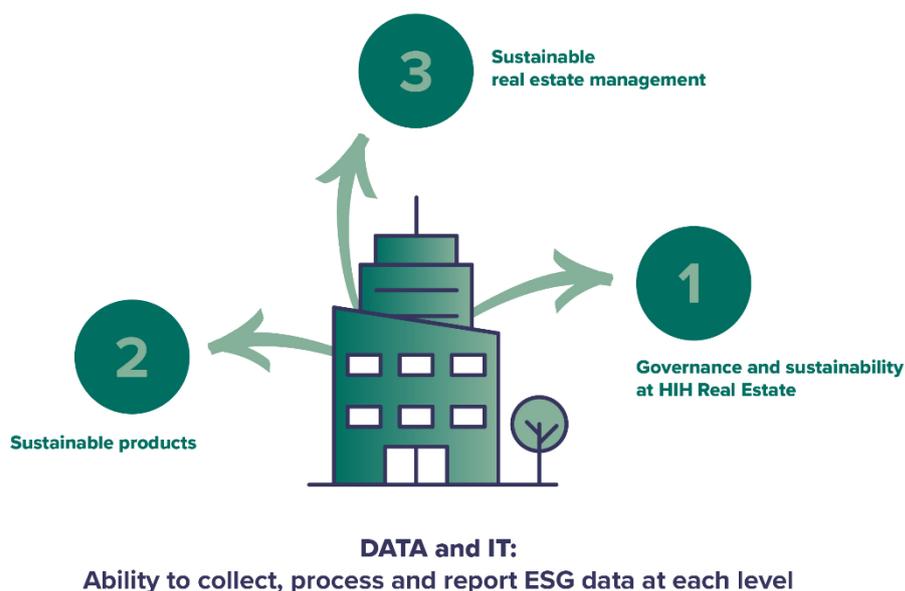
The early recognition of market changes, the implementation of regulatory requirements and forward-looking management are part of our corporate philosophy. We integrated a responsible investment approach into our investment process and investment decision-making processes.

Since we are in the business of managing long-term investments, our decisions are forward-looking and based on the responsible interaction with the environment and with society. We contribute actively to the implementation of the Paris Climate Accord by using the structuring options available to us within our freedom of action to avoid carbon emissions. We are continuously working on economically sensible solutions to reduce the consumption of energy and water, and to lower carbon emissions.

We are in the process of implementing a comprehensive sustainability strategy to reduce our impact on climate change, to work toward a sustainable society, and to create an optimal working environment. Our sustainability team is committed to the implementation this strategy in collaboration with all business units, and continuously adjusts it as needed in consultation with the Management Board.



The sustainability strategy is composed of the ESG mission statement and the four central sustainability issues:



In the implementation of our sustainability approach, we strive for a high product and service quality in the interest of our clients, for a stable goodwill, the long-term ability to pay dividends and a balanced risk profile in the interest of our shareholders, as well as for a pleasant working environment and a sound work-life balance in the interest of our employees.

In addition, we offer our investors the option to jointly develop bespoke sustainability strategies that are tailored to their specific requirements and portfolio parameters. To this end, the overall portfolio strategy may be expanded to include ESG strategies and characteristics on different levels.

2.1.1 Annual Overview

In the course of the year under review, we made significant progress in the effort to anchor our ESG strategy in all of our divisions and in our day-to-day business.

We managed to reinforce our ESG team with co-workers from various business units and divisions, and collaborate closely with all of the company's entities on the overall group level. Staff joining the newly organised dedicated sustainability department bring their own diversified expertise and know-how to the job.



We achieved several milestones during the reporting period, starting with the progress made in developing our ESG strategy on the company level and the expansion of our corporate statement to include environmental aspects, social aspects and corporate governance.

To bolster this commitment, we will develop our first code of conduct and ethics now. In our code of conduct, we will pledge to uphold ethical standards derived from the European human and civil rights. The code of conduct also elaborates our framework of values.

We act in accordance with the guiding principles of integrity, fairness, reliability, respect and trust, which we respect in all relationships we maintain. The Code of Conduct and Ethics is based on our sustainability strategy, our corporate mission statement, our governance principles and our ESG mission statement.

Our objective is to create a corporate culture characterised by responsibility, in which every one of the company's employees supports actions that will further the cause of sustainability.



With the implementation of our ESG mission statement, we have established the integration of responsible investment at the corporate level, in portfolio management and in the operation and administration of our real estate.



We opted for a holistic approach that integrates ESG elements throughout the entire life cycle of a property or of a product. From the initial investment, to maintenance, and all the way to sustainable facility management.

Another element of our responsible ESG strategy is to strengthen our external commitment along with the integration of, and communication with, our shareholders and other stakeholders. In this context, we have begun to add ESG provisions to the contracts we negotiate with service providers and tenants.



2.1.2 Outlook

We will continue to expand our ESG know-how and capabilities by reviewing and improving the way in which we integrate responsibly investment decisions into our investment life cycles.

Over the next two years, we expect to see tighter and more detailed legislation and regulatory requirements in Europe. We will ensure that our investment funds comply with the disclosure regulations for sustainable funds. On top of that, we will closely follow the political deliberations to finalise the criteria of the Taxonomy for real estate, and actively participate in them.



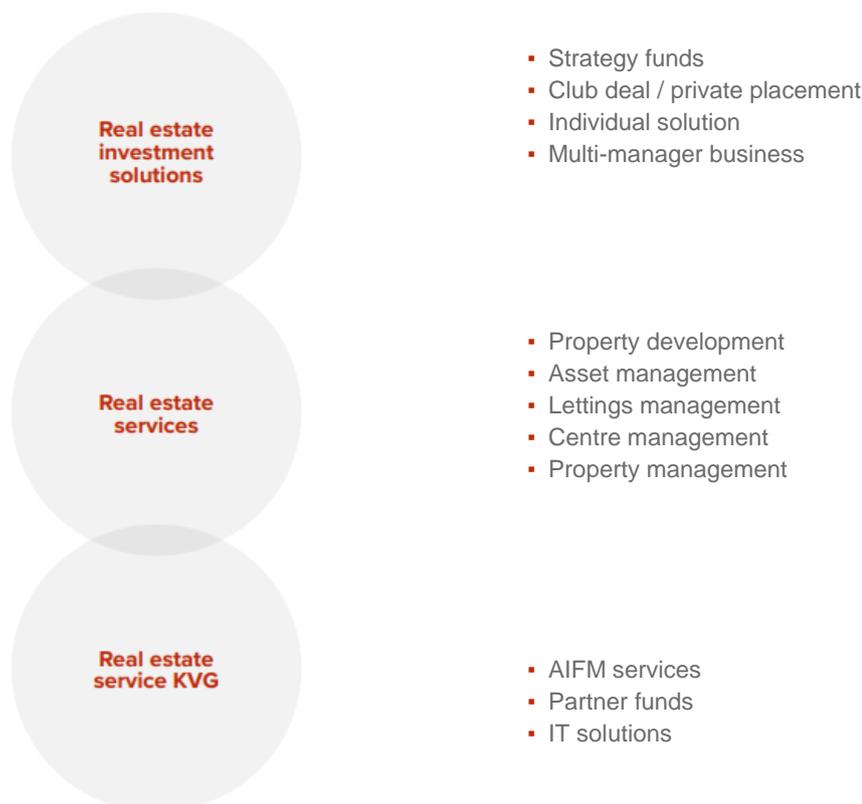


3 OUR COMPANY

The HIH Group is one of Germany's leading providers of holistic management services for real estate investments. Our service spectrum covers the entire life cycle of a given property, extending from property development to the structuring of real estate investments and all the way to asset management and property management. We take pride in tailored investment solutions and an efficient investment fund administration. Our clients benefit from the extensive range of deliverables provided by each of our companies, the short lines of communication and the close collaboration within the HIH Group.

The prompt implementation of regulatory, market-driven changes and a forward-looking digital investment management are part of our corporate philosophy.

With c. 49.5 billion euros in real estate assets under management and 931 employees in ten different locations, we develop and control commercial real estate across Europe.





- Die HIH bietet alle Dienstleistungen rund um die Gewerbeimmobilie:
 - Asset Management
 - Center Management
 - Vermietungsmanagement
 - Projektentwicklungen
 - Institutional Advisory
- Alle gängigen Nutzungsarten:
 - Büro, Einzelhandel, Hotel, Logistik, Wohnen
- An 11 Standorten in Europa vertreten
 - Hamburg, Berlin, Düsseldorf, Köln, Frankfurt am Main, Stuttgart und München
 - Amsterdam, London, Luxemburg, Wien



WE PROVIDE REAL ESTATE AND INVESTMENT COMPETENCE ON ALL LEVELS

Real estate investment solutions

HIH Invest Real Estate finds, develops and controls real estate and investments under a forward-looking approach

INTREAL, third-party AIFM

As third-party AIFM, we focus on the set-up and administration of property funds on behalf of third parties.

Asset management

Our asset management services focus on the security and optimisation of income from real estate investments.

Lettings management

The lettings management is your partner of choice for all property leasing topics.

Property management

HIH Property Management provides the entire spectrum of property management services for commercial real estate.

Property development

HIH Projektentwicklung executes new-build construction and extensive refurbishments of existing buildings.

Centre management

The HIH Center Management takes care of shopping centres as well as of retail warehouse parks and local convenience centres.



We are well versed in the art of trading: Decades of experience, close proximity to real estate markets and tight networking enable us to identify real estate opportunities and to act on them quickly during the right market cycle.

We pave the way for individual investment solutions: We make our entire structuring, product development, property management and market development know-how available to our institutional investors in order to work out the proper investment solutions for them and to manage them long-term.

We are committed to your real estate: Our experts from the areas of asset and property management, letting and property development take a holistic approach to manage your properties, thoroughly familiar with every detail. We are never far from you, as we maintain ten branches across Europe.

We take on the challenges of tomorrow. The early recognition of market changes, the implementation of regulatory requirements and forward-looking digital management are part of our corporate philosophy.

3.1 **HIH INVEST– REAL ESTATE INVESTMENTS FOR INSTITUTIONAL INVESTORS**

HIH Invest is one of the leading investment managers for real estate in Germany and elsewhere in Europe. We find, develop and control real estate and investments under a forward-looking approach in the best interest of our clients.

Decades of experience, close proximity to real estate markets and tight networking enable us to identify real estate opportunities and to act on them quickly during the right market cycle.

Around 220 institutional clients entrust their investments to HIH Invest. They benefit from the structuring, product development, property management and market development specialists we make available for the purpose of developing just the right investment solutions for them.



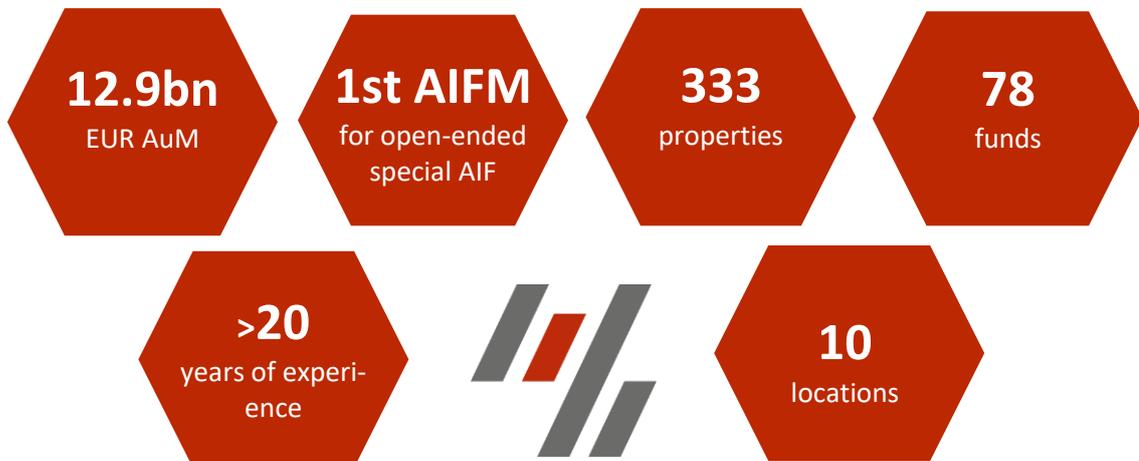
3.1.1 HHH Invest's Types of Use and Risk Profile



HHH Invest maintains a presence in ten different locations across Europe. As part of the HHH Group, we cover the entire real estate investment value chain with in-house capacities.

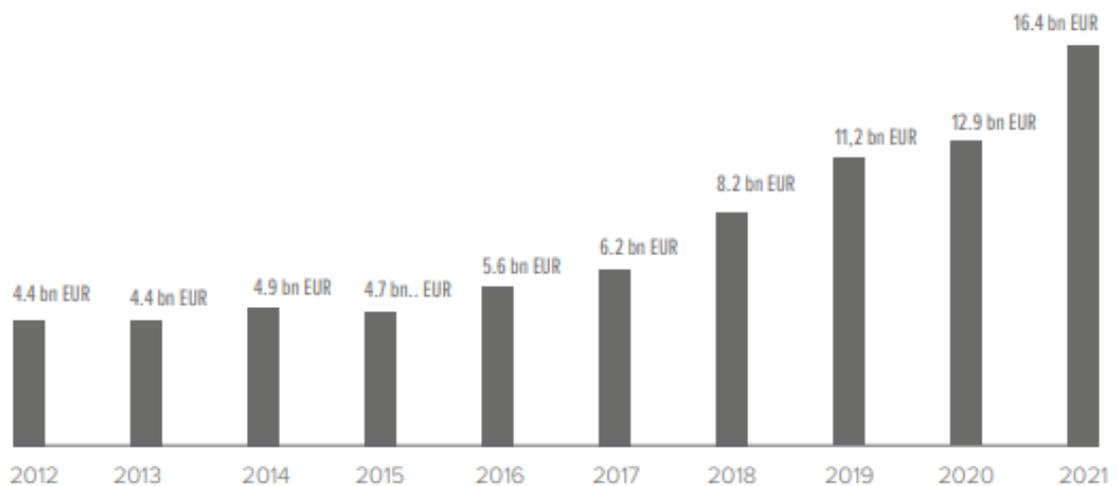
The early recognition of market changes, the implementation of regulatory requirements and forward-looking digital management are part of our corporate philosophy.

3.1.2 HHH Invest in Facts & Figures





Annual performance of assets under management (in EUR billion)



Institutional investors feel at home with us – some of the business relations HIH Invest maintains started 20 years ago. Long years of experience have taught us to read the specific needs of our investor groups. Around 220 institutional clients have entrusted their capital to HIH Invest – for the acquisition of real estate and its integration into the requested investment solution.

WE OFFER BESPOKE INVESTMENT SOLUTIONS

Market-oriented and tailored to actual investor requirements

Strategy funds

- Research & market-based strategy development
- Risk-diversified property fund solutions with pre-defined investment strategy
- National, regional and sectoral focus; various risk classes
- Pool, individual, club funds

Bespoke solutions

- Fund solutions with one-off investment strategy to suit the needs of a given single investor
- Contribution and consolidation solutions
- Holistic management of properties and portfolios
- Individual funds and mandates



Club deals & private placements

- Acquisition of concrete single investments and portfolios
- Implementation of investments for a small circle of investors (club deal) or a single investor (private placement)

Multi-manager business

- Active management of indirect real estate investments, and umbrella fund management
- Selecting managers & products
- Reviewing investments and selection
- Individual risk-diversified investment strategies for one or several investors

ON THE GROUND FOR YOU IN GERMANY & EUROPE

Real estate investments for institutional investors: HIH Invest is one of the leading investment managers for real estate in Germany and elsewhere in Europe. We find, develop and control real estate and investments under a forward-looking approach in the best interest of our clients. Decades of experience, close proximity to real estate markets and tight networking enable us to identify real estate opportunities and to act on them quickly during the right market cycle. HIH Invest maintains a presence in ten different locations across Europe, and currently has 12.9 billion euros worth of assets in 78 investment funds under management.

3.1.3 Our Expertise at a Glance

Fund & portfolio management – long-term know-how & strong performance

- Active management: Offering holistic, active management of real estate portfolios and funds
- Performance-driven: Implementing the investment strategies, always with an eye on the latest market developments
- Key account & control: Fund manager as central liaison office, controlling all value drivers & trades
- Over 20 years of experience: Delivering successful management and administration for more than 220 institutional investors
- Risk management: Managing risks autonomously & extensively as quality assurance for our fund management services

Thorough research – independent and definitive

- Pioneering strategies: Employing proven in-house experts for a thorough strategy development
- Eyes on the real estate markets: Monitoring & recognising developments in a dynamic market environment
- Quality assurance through investment validation: Making an independent research vote a key component of the investment process



International transaction management – strong sourcing & implementation

- Fast-trading: Over 1.5 billion euros worth of transactions are completed across Europe every year
- On location and tightly networked: Maintaining a presence on the ground in Germany and elsewhere in Europe with our ten branch offices
- Advanced market penetration: Long-term track record as a reliable acquisition partner

Asset management – proactive & value-driven to enhance your real estate

- Bespoke strategies: Experienced asset managers actively implement tailored real estate strategies
- Focus on value enhancement: Boosting real estate values from the holding period until the exit
- Sustainable income optimisation through active management of the real estate portfolios

Partner for institutional investors – tailored custom solutions

- Bespoke solutions: Investment funds and equity investment products are optimally calibrated to meet the economic and regulatory requirements of a given investor.
- Contributing and pooling direct and indirect real estate investments is one of our fortes
- From full-service option to selected one-off services: The range of deliverables is flexibly adapted to the needs of a given investor and mandate.

Investment services – comprehensive range of deliverables for real estate funds

- Reporting: High-quality information updates for investors in line with applicable regulations and standards
- Structuring and administration: Fiscal, financial, legal and regulatory structuring competence and “best-in-class” investment fund administration
- Treasury: Handling all financing aspects of a property during its entire holding period



4 OUR ESG APPROACH

We at HIH Invest pursue holistic sustainability activities on the management, process and portfolio levels, always taking EU regulations into account.



We are moving in an environment in which sustainability goals, especially climate change mitigation, are given the highest priority by society and the body politic, along with prosperity, health, liberty and peace objectives, and in which the negative effects of the climate crisis are directly felt – massively increasing the social acceptance vis-à-vis control measures.

These shifts in the general awareness also permit the EU Commission to move forward with its Green Deal regardless of its domestic-policy or economic constraints, and it has already started doing so at speed. The need to put sustainability on the agenda is clearly communicated by our investors, too.

The EU Commission’s Green Deal seeks to steer capital flows towards a more sustainable economy. At the centre of these efforts is newly enacted legislation like the Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation.

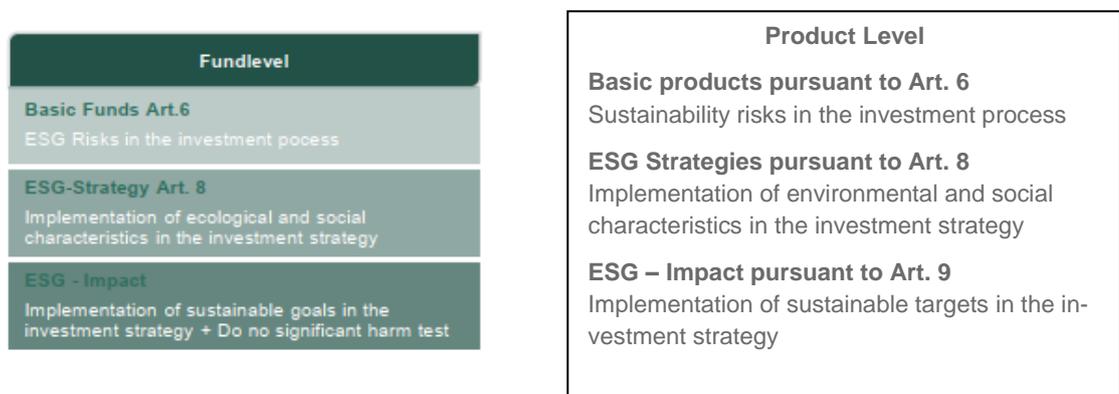
Transparency obligations have become mandatory within the European Union (EU) on the corporate and product level as of 10 March 2021. The first stage of the information requirements, governed by the EU’s Sustainable Finance Disclosure Regulation dated 10 March 2021, sets



binding rules for all financial market players and products, including for real estate funds (AIF), as to which aspects should be presented transparently with regard to sustainability.

In addition, so-called Level II or implementation ordinances are successively enacted which govern the implementation guidance and the synchronisation of the two legal bills. In future, the Sustainable Finance Disclosure Regulation will govern the transparency obligations on the corporate level and on the product level. It covers the most important adverse ramifications.¹

According to the Sustainable Finance Disclosure Regulation, the ESG integration on the product level will be subject to different categories.



As a next step, the Taxonomy Regulation became effective on 01/01/2022. While the SFDR specifies our transparency obligations, the Taxonomy sets out a uniform definition of sustainability.

Environmental goals according to the taxonomy ordinance



This environment presents innovations, challenges and opportunities that we live up to with our sustainability efforts.

¹ Cf. Art. 4, No. 1, Sustainable Finance Disclosure Regulation (EU) 2019/2088



Our Values as Basis for our Actions

The sustainability strategy of HIH Invest starts on the company level. The company therefore actively raises employee awareness on the subject of environmental and social sustainability, the idea being to make a conscious effort to reduce emissions and to proactively integrate sustainability into its day-to-day business. HIH Invest has integrated ESG aspects into all of its decision-making levels, from the company level, to the product level, and all the way to the property level.

Integrating ESG aspects into our decisions is considered part of an active risk management.

The effort of sensitising employees is masterminded by our Sustainability Manager who implements the sustainability strategy and serves as contact person for sustainability issues. Employees who are motivated and sensitised to sustainability will expedite and facilitate the implementation of our sustainability strategy.

HIH Invest is an attractive and responsible employer who recruits high-skilled employees with the objective of retaining them long-term in the company. We are committed to safeguarding and promoting **employee interests** and employee well-being.

The group considers it of the essence to offer its employees opportunities for practice-oriented promotion and the development of future-oriented competencies, to create the parameters necessary to ensure that women and men receive the same pay and benefit from the same opportunities for advancement and professional development, to provide an active health management, and to keep physical and mental strain within reasonable limits.

In order to retain its employees in the company long-term, HIH Invest makes an effort to create a permanently attractive work environment that is both secure and rich in opportunity. HIH Invest advocates non-discriminatory interaction, and offers its employees a variety of opportunities for their continued professional and personal training and development. Employees of HIH Invest benefit from a well-developed company health management and a caring human resources department, both of which contribute to a positive work environment.

We are committed to upholding the ethical standards that derive from European human rights and civil rights.² We act specifically in accordance with the guiding principles of integrity, fairness, reliability, respect and trust, which we respect in all collaborative ventures.



² Among the main guidelines on human rights are the European Convention for the Protection of Human Rights and Fundamental Freedoms of 1950 and the Charter of Fundamental Rights of the European Union 2000



Applicable laws, regulations and ordinances are adhered to at all times. This goes even for in-house processes and policies. The cooperation with supervisory authorities is open and transparent. Compliance with locally relevant employee rights, occupational health and occupational safety regulations is always assured. Effective corporate governance provisions are met. To ensure this remains the case, executives are trained and instructed accordingly.

Transparency, accountability and integrity are firmly anchored in our processes and guidelines. Our **compliance** experts make sure that statutory and regulatory provisions are always adhered to (e. g. laws but also contractually or internal regulations, such as codes of conduct).

The purpose of compliance is to expose, control and, if possible, avoid the risk of breaching statutory and regulatory requirements and obligations. To this end, our compliance officer will assist the company and any employee with issues concerning conflicts of interest, the handling of allocations and donations, the hosting of events, and employee transactions.

The internal processes and process flows are structured to prevent money laundering. It is part of staff responsibility to identify, prevent and immediately report any possible cases of money laundering.

The company maintains a zero-tolerance policy in regard to bribery, including any unlawful offers of payment. Inappropriate gifts should neither be granted nor accepted in conjunction with business activities. This applies in a direct and indirect sense. We will not engage in, or will immediately terminate, any business relation with individuals or entities named on sanction lists.

We strictly reject **corruption and bribery**, and any violation of our anti-corruption policy will have consequences under labour law and criminal law.

We follow stringent guidelines to combat money laundering, terrorist financing and other criminal activities. Preventive measures (including employee training, reliability checks, compliance with general due diligence obligations such as Know-Your-Customer principles, among others) are implemented to ensure permanent compliance. Our anti-money laundering officer is responsible for taking specific precautions against other criminal acts to the detriment of HIH Invest. In addition to fraud offences, these also include criminal embezzlement and corruption offences.

Moreover, we follow compliance rules when handling allocations, hosting events, and in regard to employee transactions. The compliance officer monitor and evaluates the organisational measures taken as well as the measures intended to remedy compliance deficits.

Person-related data tend to be sensitive and require particular protection. The obligation to handle such data with care to safeguard the personality rights of every citizen is therefore inscribed in our **data protection** policy.

The HIH Group has implemented a **whistleblowing** process to ensure that employees have a way to anonymously report violations or grievances without having to fear reprisals by the employer.



As a responsible and professional company, Warburg-HIH Invest ensures compliance with international human standards, including respect for human rights, prohibition of child labour, prohibition of forced labour, and freedom of association; principles such as non-discrimination and people's liability for their own actions and participations are firmly anchored in our work and business standards.

Environmental, social and governance components

Renewable energy Green electricity for office units	Green-certified facility cleaning Absence of harmful substances	Promoting the use of public transportation Lowering emissions
Employee wellbeing Community & work-life balance	Employee health Company sports & nutrition	Family-friendliness Sick leave
UN Global Compact UN PRI Voluntary commitments	Compliance & Governance Periodic training classes	Charity (donations, sponsorships) Annual selection of beneficiaries

4.1.1 Governance

HIH Invest undertakes to uphold the ethical standards that derive from universal human rights and civil rights. Accordingly, our actions follow the guiding principles of integrity, fairness, reliability, respect and trust. To this end, we developed our code of conduct and ethics, which is based on our sustainability strategy, our corporate mission statement, our governance principles and our ESG mission statement. The objective is to create a responsible corporate culture that supports the sustainable activities of each employee³ and of the company as a whole.

³ Generic mention of the individual employee may use male pronouns for the sake of simplicity when actually referring to employees of any gender (m/f/d).



Showing fairness and consideration vis-à-vis our environment and society is an integral part of our corporate identity, and we are aware of our responsibility to contribute to the collective effort. We think and act in a future-oriented and resource-conserving way, striving for a far-sighted economic outlook and for steady improvement. Here, we actively advocate equality and diversity, engage with others, use our power of influence, and form our own opinions. Out of this corporate sense of self, we live up to our accountability under established external standards and vis-à-vis external associations, and we have from the start of this process been committed to compliance with the guidelines of the UN Global Compact in addition to upholding effective national labour rights, complying with the eight core labour standards of the International Labour Organization (“ILO Core Labour Standards”), and having adopted the Principles of Responsible Investment (PRI).

Policies in accordance with the principles of the UN Global Compact

1. Protecting internationally proclaimed human rights
2. Avoiding complicity in human rights abuses
3. Recognising the freedom of association and the right to collective bargaining
4. Advocating the elimination of forced labour
5. Advocating the abolition of child labour
6. Advocating the elimination of discrimination in regard to employment and occupation
7. Taking a precautionary approach to environmental challenges
8. Promoting deepening environmental awareness
9. Developing and disseminating environmentally friendly technologies
10. Fighting corruption in any form

We have pledged to uphold the **Principles for Responsible Investment (PRI)**.

Specifically, the six principles require:

- integrating ESG aspects in our investment decisions and analyses
- integrating ESG aspects in our active portfolio management
- asking companies we intend to invest in to present reasonable disclosures concerning ESG issues
- promoting the acceptance and implementation of these principles in the investment industry
- We collaborate with other market players to implement the principles.
- We will report on our activities and any progress made in implementing the principles.



We, meaning **HIH Invest Real Estate GmbH** and the entire HIH Group, recognise our social responsibility. Within the scope of its entrepreneurial activities, the HIH Group acknowledges its obligation to make its appropriate contribution to the **financing of public budgets by paying taxes on the basis of the effective tax laws**.

In doing so, it agrees to adhere to applicable laws and other definitive provisions in all of its business actions and decisions. There are no specific expectations on the part of the senior management of HIH Invest regarding the level of the group tax rate, nor is there any specific guidance on the treatment of significant tax matters. No entity of the HIH Group may enter into aggressive tax arrangements, which are regarded as attempted tax evasion by the tax authorities, and are not accepted by them. This applies not just to the Group's own concerns but also to the services and products offered to the customers of the HIH Group.

Within the framework of its tax strategy, the HIH Group shall take into account any **principles & consequences for the tax strategy** of the HIH Group that may arise from a reorientation of the tax enforcement by the authorities. This is meant to ensure not least that activities relevant in the context of regulatory offences or criminal law are avoided at the outset, as has been the case up to now.

This should be accompanied by regular reviews of the strategic approach. In this context, the HIH Group's tax department assumes the task of notifying the managing directors of HIH Invest of political and legal developments while suggesting necessary adjustments and adequate remedies in response to these ahead of time.

As trustee of its investors' assets, the HIH Group acts primarily in the investors' interest. The tax position of the HIH Group, being a major cost factor, should be actively and efficiently managed in this context. The HIH Group is therefore intent on complying with all legal requirements (national and international) and all other regulatory provisions in the course of its business activities.

Aside from legality aspects, all activities are also subjected to legitimacy checks, with only those measures initiated that do not run counter to the intention of applicable law. This means that the company shall refrain from any tax structuring or tax optimising schemes whose sole purpose is to minimise the tax liability and whose result runs counter to the intention of the respective law. This does not apply to those practices that are recognised by case law and codified in legal provisions, such as the effective use of existing losses carried forward or similar.

To ensure compliance with the aforementioned aspects, the HIH Group has implemented audit and approval processes within the framework of its risk management system that serve as framework for judging the adequacy of the chosen approach on a case-by-case basis, using the aforementioned principles and applying objective criteria.

Application of the principles is not only mandatory for the tax-structuring activities of the HIH Group in regard to its own tax position, but is advised even and especially for client-oriented product activities.



The fiscal responsibility within the Group rests primarily with the senior management of HIH Invest. For the proper implementation of all obligations under applicable tax law, the HIH Group maintains a group tax department, a tax department for the IntReal fund platform, plus a tax unit for transaction-specific matters at HIH Invest. The various personal competences and responsibilities are clearly defined (e. g. in job profiles) and the essential processes are documented in the Compliance Policy of the HIH Group.

The tax department of the HIH Group ensures that there is consensus with respect to a uniform tax strategy, and that relevant key aspects are subject to a central coordination procedure before being implemented. The Tax Compliance Management project to be implemented by 2016 that undesirable tax practices are identified and rejected at an early stage.

To ensure smooth collaboration with the inland revenue service, the tax department of the HIH Group maintains an **intensive exchange of information with the tax authorities**. Such smooth collaboration with the competent local revenue authorities is to be ensured on the departmental and executive levels. Additional liaisons with the competent inland revenue offices are maintained and regularly used.

The tax position should be covered in detail within the internal reporting regime of the HIH Group. This process is subject to close cooperation and coordination with the respective auditors of each group member company as well as with the group auditor. In addition, the HIH Group is required under international agreements (BEPS action plan) to provide so-called country-by-country reporting in future, which will also refer to its tax positions.

Not least, the tax department of the HIH Group is expected to actively participate in the tax committees of the ZIA German Property Federation and other institutions in order to be up to date on fiscal law trends ahead of time, and to seize its chance to exert its concomitant influence by supporting German lawmakers in their efforts to draft adequate laws and regulations.

Sellers, buyers and tenants who belong to one of the following areas or are associated with the following topics must be disclosed to the investors in each case and critically examined both by the fund management and by the investors:

- Companies and organisations with anti-constitutional or politically extremist right-wing or left-wing sentiments that pose a significant reputational risk (including the Scientology Church and German nationalist movements).
- Pornography, terrorism, arms trade

No contract should be signed with them if the audit concludes that the person of the seller, buyer or tenant or the persons behind them would significantly increase the reputational risk for a given investment fund.



4.1.2 Social

Diversity and inclusion as well as our understanding of diversity cover a range of aspects, including gender, ethnicity, LGBTQ identity, disability, mental health and governance. Every employee is entitled to a work environment free of discrimination and reprisals. This is why we interact openly and respectfully with each other, minding our language and conduct.

There is a commitment to promote social interaction and social justice, as well as to ensure fair payment and equal treatment regardless of gender. Initiatives to hire, promote and retain more women on all levels of the organisation are being supported.

The HIH Group also promotes intercultural exchange by hiring people from different countries of origin. Overall, the HIH Group employs nationals of 25 different countries.

Number of employees (baseline date: 31 December 2020)

	Total	female	male
Contract type			
▪ temporary	23 ⁴	9	14
▪ permanent	79	31	48
By employment type			
▪ Full time	82	25	57
▪ Part time	20	15	5
Total workforce	102		

The gender distribution within the workforce of HIH Invest shows about 40% female and about 60% male employees.

Employees are prompted and encouraged to openly share their opinions and actively provide feedback regarding their specific business area and the corporate strategy. We therefore promote the active exchange and **employee commitment**. All employees meet with their superiors from time to time to provide mutual feedback, at a minimum on occasion of their annual review. New employees meet with the human resources department and their superiors in short intervals. In addition, employees are offered a wide variety of options for their continued professional development and training.

The objective is to promote the continued personal and professional development of employees. The ongoing education of all employees begins, due to their human resource development function, with the executives who coach their staff according to the maxim “challenge & encourage”

⁴ Staff with temporally limited contracts include student trainees and members of the senior management



in constructive ways. Whenever employees seek continue professional development on their own initiative, they should be advised by the superior above all. Continued professional development options are available in various areas, such as IT training, language classes or soft skills, and are offered both in-house and off-site. All of the company's employees continue to be evaluated once a year.

The employment contract serves as foundation of the collaboration between the company and its employees. In order to make our sustainability commitment a core task embraced by all employees; we wrote it directly into our **sustainable employment contracts**.

The parties are aware of their responsibility to protect the natural basis of life and the climate in the interest of future generations. They share the wish to align the implementation of the employment relationship with sustainability criteria, among others.

Working together, all parties therefore wish specifically to save and conserve resources and energy, to avoid emissions and to engage in a productive collaboration. To this end, environmental and social aspects should be taken into account.

The parties shall strive to encourage other employees, third-party service providers and other partners relevant to the performance of a given task to take aspects of sustainability into account. The parties agree to take all measures and recommendations that have been agreed within the framework of the company's various sustainability initiatives into account in their collaboration.

Our **remuneration policy** stipulates that all employees are required to take a sustainable approach on the job and to take account of sustainability criteria such as equal treatment of men and women or the promotion of intercultural exchange, among other things, and to consider the various items of our Code of Ethics and Conduct.

We therefore encourage social interaction at work, and promote harmony between mankind and the environment. In fact, it is a principle anchored in our corporate structure.

Being committed to the health and safety of our staff, we ensure that all employees get to work in an environment conducive to their health, safety and well-being.

Health and safety policies govern the structuring of the work environment, while all applicable laws of any country where employees have been hired locally are, of course, upheld as well.

All employees are expected to behave in ways that are conducive to their own health and safety, and to the health and safety of their co-workers.

The work environment created by us satisfies general health, comfort and safety requirements. The Group's health management staff are standing by to advise employees on a variety of topics such as workplace assessments, in-house medical services or options for relieving mental strain. The health management team will also advise any employee on topics such as vaccinations or sports and fitness amenities.



We attach great importance on the close collaboration with our tenants, service providers and business partners as our **stakeholders**. For example, the same organisation whose task is to raise sustainability awareness and to provide ESG training and advice also plans tenant events. Another example is the close consultation with our tenants about energy and water consumption as well as the generation of waste. In line with its sustainability commitment, HIH Invest also offers property tenants green lease agreements. In fact, HIH Invest will sit down with its tenants, sometimes in the own buildings, to exchange views on ESG aspects. Going forward, it is planned to deepen the tenant engagement for the sake of optimal landlord-tenant relations.

On top of all that, HIH donates to a number of causes every year. In 2020, it supported 16 different institutions, such as the child-mentoring organisation “Zeit für Zukunft” or the “Hilfe für krebskranke Kinder” charity for young cancer victims. Benefits to employees take the form of grants toward public transportation, physical therapy and sports programs. Nutrition counselling as well as fresh fruit and beverages at the workplace are also provided free of charge.

Responsible **supply chain management** focuses on identifying, assessing and monitoring suppliers’ practices in the areas of human and labour rights, environment, health and safety, and anti-corruption measures in line with the commitment of HIH Invest to the UN Global Compact, its ESG policy and its code of conduct.

The Group’s asset and property managers pledge to practice responsible supply chain management by taking the actions discussed below.

They are to ensure that the ESG requirements and commitments outlined in the code of conduct and ESG strategy are incorporated into, and consistently applied to, all procurement processes:

- third-party clients
- third-party property/asset managers
- third-party service providers
- third-party suppliers

We want to ensure that the principles of responsible supply chain management are applied, and that ethics and values of HIH Invest are embedded in the supply chain. One of the principles of responsible supply chain management should be that all contractors and subcontractors add ESG clauses to their contracts. For instance, relevant business-ethics principles such as anti-corruption clauses should be added to contractual agreements and clearly communicated to all relevant parties. Likewise, relevant health and safety clauses and procedures should be included in all contractual agreements and clearly communicated to the parties involved. Moreover, human rights clauses, including those on child labour, non-discrimination and freely chosen employment, should be added to all supplier contracts and be clearly communicated to all stakeholders. Criteria and standards for product selection should also be defined and included that consider the environmental impact of goods and materials, such as paints containing low levels of volatile organic substances. Sourcing should focus on local, smaller-scale suppliers so as to add value to the local community and to increase delivery flexibility.



We make every effort to ensure that our stakeholders are not in serious breach of the UN Global Compact.

We interact with our immediate neighbourhood by developing community engagement programmes together with our internal and external asset and property managers as part of our **community engagement programme** so as to learn about desires, needs and opportunities for improvement. This also means that we keep improving the quality and frequency of our communication with the occupiers of our properties, with the community and with the neighbourhood. Our community engagement programme includes, for one thing, the enhancement of the public space by creating green spaces and areas that will motivate people to spend time outdoors, as well as the creation of areas for food trucks, art exhibitions or similar. It is a measure conducive to the health and wellbeing of our communities. Another measure is to create options for employment and development on the local level. We also provide sustainability education by hosting community events, such as Earth Day, or by engaging in regular communication and dialogue with local communities through meetings, events, surveys and/or social media. It gives local residents a chance to make their needs and issues heard and have them taken into account. To boost this effort, we also support local charity organisations.



4.1.3 Environmental

We are striving continuously to improve our business processes and their ramifications for the climate change. To this end, processes are defined that are meant to expedite the implementation of our sustainability strategy. We ensure that these are actually implemented and that they satisfy relevant legal requirements. From time to time, they are adjusted as necessary. Our employees are advised to actively support and promote implementation.

Under the company's own sustainability strategy, HIH Invest strives to act in a way that conserves resources as much as possible, and to develop its own structuring options for increasing sustainability and for the sake of **environmental protection**. This includes actions on the company level and on the product level. On top of that, the company tries to encourage its business partners, especially its service providers, to adopt a sustainable agenda. In order to intensify its sustainability efforts, HIH Invest created a dedicated position, the Head of Sustainability.



The primary job of this positions is the continuous updating of the sustainability strategy and the implementation of sustainability measures, as well as to proactively spread awareness for the topic of environmental and social sustainability among in-house staff.

On the company level, the HIH Group, including HIH Invest, supplies electricity from renewable energy sources to its offices, and has equipped common areas (like hallways, sanitary facilities



and kitchenettes) with motion detectors. Buildings are cleaned with certified, environmentally friendly cleaning agents; sustainable office furniture is part of the business fit-out. Waste separation has been implemented in our business operations in order to further contribute to the recycling effort.

Landlords and tenants collaborate closely, taking the corporate strategy and legal requirements into account, so as to lower the resource consumption within the building, to reduce the generation of waste while increasing waste recycling, and to promote general sustainability initiatives.

We intend to conserve additional energy and CO2 by transitioning to green IT. In this context, we review our equipment to see what is necessary, what could be replaced with green alternatives, and how we could start making a difference as early as the supply chain through our equipment selection.

On the company level, we at HIH Invest ensure that sustainable materials are used, e. g. paints with low concentrations of volatile organic compounds. Transition to cleaning agents of organic quality that are free of micro-plastics, etc.

We also make an effort to consider local suppliers and subcontractors to strengthen the local economy and create jobs locally. We try to procure local catering and to avoid disposable goods when hosting business events.

4.2 Memberships, Initiatives & Partners

We deliberately opted for a far-reaching sustainability commitment, and make our know-how available to a variety of organisations:

- UN Global Compact / UN PRI
- BVI:
 - Sustainability Committee (“Ausschuss Nachhaltigkeit”)
 - Working Group on Sustainability in Property Funds (“Arbeitskreis Nachhaltigkeit bei Immobilienfonds”)
 - Working Group on Responsible Investing (“Arbeitskreis Verantwortliches Investieren”)

In-house policies include, in addition to care for employee health, a commitment to engage our partners, service providers, clients and our immediate surroundings in dialogue. Our service providers are expected to implement our principles along their entire supply chains. With this in mind, we regularly compare notes with them.





The **UN Principles for Responsible Investment** are an investor initiative formed in 2006 in partnership with the financial initiative of the UN Environmental Program (UNEP) and the UN Global Compact based in London. The PRI Initiative and its international network of signatories devotes itself to the practical implementation of the six principles for responsible investment. The goal is to get a better idea of how investment activities affect environmental, social and governance issues, and to support the signatories in the integration of these issues into their investment decisions.

Around 30 investors and property asset holders collaborate in the **E.C.O.R.E. – ESG Circle of Real Estate** for the purpose of developing a standard industry scoring to rate the compliance with ESG requirements.

The **United Nations Global Compact** is the world's largest and most important initiative for responsible corporate governance. Based on 10 universal principles and the Sustainable Development Goals, it pursues the vision of an inclusive and sustainable global economy for the benefit of all people, communities and markets, today and in the future. By signing up, more than 15,000 companies and organisations from civil society, politics and science in over 160 countries so far have shown that they want to make this vision a lived reality.

The **BVI Code of Conduct Guidelines** represent the standard that the BVI Federal Association for Investment and Asset Management defined for its members. It provides guidance for the proper and responsible handling of capital and of investor rights.

In 2011, at the EXPO REAL trade fair, the **ZIA German Property Federation** presented a **Sustainability Code of the Real Estate Industry** that takes economic, societal and environmental aspects into account. The code is part of the ZIA sustainability guideline "Sustainability in the Real Estate Industry – Code of Conduct, Reports and Compliance."

INREV has created guidelines that cover the topic areas of the ESG (environment, social, governance – ESG) framework as well as the underlying business models, consequences and risks of these regulations, so as to pave the way for future regulatory requirements. It is of the essence to embed sustainability in long-term strategies, and to implement this strategy in annual application targets and objectives.



5 OUR CONTRIBUTION TO THE PARIS CLIMATE ACCORD

The purpose of the Paris Climate Accord is to slow global warming. The objective is to keep the warming below two degrees Celsius compared to pre-industrial times. The Climate Accord became effective on 4 November 2016. Each country gets to define on its own by how many percent it wants to lower its climate-damaging emissions. Industrialised as well as emerging and developing countries have made such commitments. Governments are obliged to submit new, stricter targets every 5 years.

5.1 Targets & Measures

To achieve the targets of the Paris Agreement in conjunction with the EU climate targets, the following indicators are designated for the real estate funds.

5.1.1 Objectives

1. **Increasing the resource efficiency**
 - Lowering the (primary) energy consumption
 - Reducing the generation of effluents and waste
2. **Contributing to carbon reduction**
 - Creating a decarbonisation pathway
3. **Considering social aspects, health & wellbeing**
 - Actions to promote health & security
 - Implementing tenant/community engagement programs
4. **Anchoring ESG in operations / locations**
 - Optimising the facility management
 - Qualifying for green-building certificates
 - Drafting an ESG guideline
5. **Advancing digitisation**
 - Smart buildings
 - Smart meters



5.1.2 Key Ratios & Consumption Rates

We deliberately excluded the analysis of our managed portfolio from this report, because the available data and key figures are still being finalised, which means that an analysis at this point in time would not return the expected findings.

5.1.3 Business Travel

The table below lists the entire air travel on business documented in 2020 by total consumption rates:

Number of flights	Departure points	Destinations	Total CO2 consumption in kg
286	AT, BE, CH, CZ, DE, FR, GB, HU, IE, KR, NZ	AT, BE, CH, CZ, DE, DK, FI, FR, GB, HU, IE, NL, PL	46,090



HIH Invest company cars

Number	Kilometres per year, 2020
13	15,000 – 35,000 km

The company cars are assigned to a specific user and therefore covered by that user's personal employment contract and dependent on his or her position. The kilometres per year are contractually agreed, and will therefore vary from one person to the next.

5.2 Measures and their Implementation in Fund and Portfolio Management

Warburg-HIH Invest integrated key elements of a **sustainable investment approach** into its investment process. This includes a ESG due diligence during the acquisition process as well as the early identification of measures that will become necessary in downstream portfolio management.

Every asset class (retail, office, etc.) is appraised on the basis of specific criteria, both on the market level and on the property level. ESG and sustainability risks are identified and evaluated with a view to their ramifications on rates of return. ESG related criteria, such as occupier amenities, safety or infrastructure access, are reviewed within the framework of the ESG due diligence while the building shell is examined during the technical due diligence. The ESG due diligence covers the following sustainability aspects:

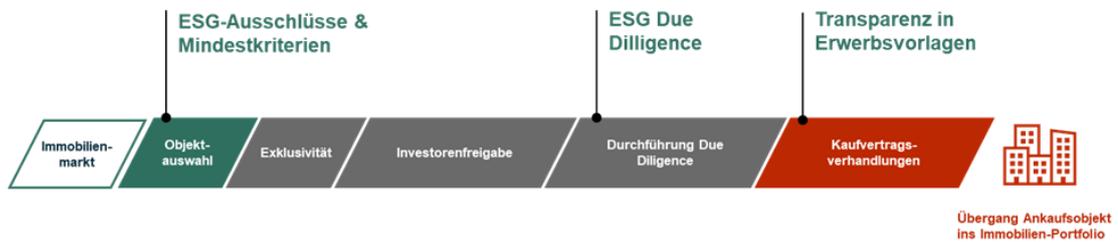
- resource efficiency
- occupier amenities and safety,
- location and
- physical risks.



The respective decision papers report on the findings of the ESG due diligence. On occasion of investment decisions, the fund management and the members of the investment teams make recommendations to the senior management and normally to the investors, too. The final decision regarding a given acquisition is made by the senior management, which makes it responsible for



implementing the ESG strategy. Moreover, each product is assigned to a fund director, ensuring that a managing director is involved even in the current portfolio management.



	ESG knock-out criteria & minimum criteria			ESG due diligence	Transparency in acquisition proposals	
Real estate market	Property selection	Exclusivity	Investor approval	Due diligence conducted	SPA negotiations	Transfer of acquired asset into real estate portfolio

Energy efficiency

Assessment of the energy consumption // options for boosting efficiency

Technical fit-out

BCS description // level of automation // smart meters // use of renewable energies

Occupier amenities

Indoor climate // biodiversity

Audits and documents

Guidelines considering ESG aspects // energy audits

Mobility

Handicap accessibility // quality of transport access

Tenant

Green lease // community engagement

Use-specific questions

End-of-trip facilities // loading bay airlocks

Threats

Insured events // extent of damage

In an effort to enhance the sustainability process and potential beyond the corporate level, HIH Invest increasingly integrates **sustainability aspects into its product landscape**, thereby giving its investors the chance to make permanently sustainable investments. This takes the form of creating new sustainable fund solutions and products, of supplementing the transaction process with ESG aspects, and of structuring the management of our real estate to conserve more energy and resources.

For its overall portfolio, HIH Invest pursues a sustainability strategy that comprises both process-related and explicit sustainability measures. On top of that, HIH Invest gives its investors the option to structure bespoke sustainability strategies that satisfy individual needs and suit specific



portfolios. To this end, the overall portfolio strategy may be expanded to include various ESG modules.

The modules follow the requirements of the Sustainable Finance Disclosure Regulation (OffV) and offer optional components for external benchmarking or scoring models.

5.2.1 Options for Sustainable Product Design

Non-ESG	
Characteristics	<ul style="list-style-type: none"> ▪ Sustainability risks and adverse impacts not taken into account ▪ Not or only partially included in the ESG overall portfolio strategy of HIH Invest
Reporting	<ul style="list-style-type: none"> ▪ No ESG elements
Attributes	<ul style="list-style-type: none"> ▪ Statement that no ESG risks / criteria are taken into account = investor should specify exact reasons
Basis	
Characteristics	<ul style="list-style-type: none"> ▪ Data collection ▪ Scoring (optional) ▪ Sustainability within the scope of the ESG overall portfolio strategy
Reporting	<ul style="list-style-type: none"> ▪ Basic key figures (consumption / CO2 emissions) ▪ Scoring (optional)
Attributes	<ul style="list-style-type: none"> ▪ Statements that investment decisions take ESG criteria into account ▪ Consideration of ESG risks ▪ ESG as active management component
ESG strategy	
Characteristics	<ul style="list-style-type: none"> ▪ Pursuit of a selected ESG strategy using specific ESG characteristics
Reporting	<ul style="list-style-type: none"> ▪ Basic key figures ▪ Defined ESG characteristics
Characteristics	<ul style="list-style-type: none"> ▪ No explicit target definitions ▪ Reporting on binding and measurable characteristics ▪ Knock-out criteria ▪ Development of fund strategy including ESG characteristics



- Binding ESG characteristics / knock-out criteria / minimum criteria

Impact	
Characteristics	<ul style="list-style-type: none">▪ Achieving a measurable and verifiably positive contribution to environmental and social objectives
Reporting	<ul style="list-style-type: none">▪ Basic key figures▪ Defined impact targets
Attributes	<ul style="list-style-type: none">▪ Explicitly formulated targets▪ Development fund strategy / definition of dedicated targets (e. g. reducing CO2 emissions)▪ Binding ESG targets

5.2.2 Sustainable Property Management

HIH Invest is convinced that steps taken to optimise resources and occupier amenities, sustainable rental spaces, green leases and the implementation of social sustainability aspects have a positive impact on tenant behaviour, tenant satisfaction, tenant demand and tenant loyalty. The ESG context is gaining relevance on a daily basis, and businesses are hunting for sustainable modern accommodation even now, which is where HIH Invest comes in with the implementation of its ESG strategy.

Sustainable property management means above all:

- Re-appraising properties with respect to sustainability and derivation of pinpoint measures on a regular basis
- Convincing tenants of the merits of sustainably building occupancy via so-called green leases: A “green lease” includes provisions concerning the sustainable occupancy and management of the leased property during active operation, the reduction of waste, consumption rates and emissions, and the environmentally harmless implementation of maintenance, modernisation and other construction measures.
- Maintaining constant communication on sustainability issues during the lease term in order to exploit the property’s full potential in regard to its sustainable use and management through a partnership-like collaboration. Conducting periodic tenant surveys is one element in this context.
- Using sustainable materials, particularly for maintenance and other construction measures: e. g. regulations governing their environmentally harmless implementation, for instance by prohibiting the use of certain environmentally damaging building materials and by mandating the adherence to certain construction-ecology specifications during expansion and modernisation measures.
- Use of environmentally harmless cleaning agents
- Optimal integration of the rental property into the local infrastructure



5.2.3 Measures Implemented to Date

One of the measures we already implemented represents the addition of green lease provisions to standard rental lease agreements, whose purpose is to implement resource and energy-saving measures in the management and use of a given property. Emissions are to be avoided as much as possible and both environmental and social aspects should be considered. Tenant relations are an important component of our sustainability concept. Our asset managers focus on the integration of tenants and on the tenant engagement programs. Green lease clauses are intended to promote constructive collaboration and to strengthen the trust between landlord, tenant and property manager. It increases contentment at the workplace and decrease staff fluctuation. In this context, the focus is on the long-term increase of the financial, economic and social value. The contents of the green lease clauses govern the collection of consumption data such as electricity and water consumption, the collection of waste generation and the collection of any data useful to measure the environmental footprint (any details provided by utility companies). Equally important are cleaning aspects such as the use of environmentally acceptable cleaning agents, the waste management and the implementation of a recycling scheme. In addition, green lease clauses regulate the integration of sustainability measures in modernisation, fit-out and refurbishment works. Worth noting here is that improvements proposed by the respective tenant must not adversely impact the energy performance certificate. Generally recognised sustainability ratings are encouraged, where available. The addition of a cost recovery clause for energy efficiency related capital improvements that benefit tenants, as well as energy efficiency and environmentally sustainable specifications for tenant improvements, are also included in green lease clauses. In addition, the disclosure of relevant information to support sustainability goals, building performance assessments and the compliance with performance standards, including green building certificates, is of the essence. Community engagement means a lot to us, and so is the promotion of social engagement initiatives wherever possible.

Another measure that was implemented is the collaboration in regard to the sustainability performance. Landlord and tenants collaborate with the aim of developing initiatives or strategies to **reduce energy and water consumption within a given building**. They also strive to reduce the waste generation and to recycle waste while generally promoting sensible sustainability initiatives. This includes the installation of smart meters. To this end, the tenant shall, subject to written prior notice well ahead of time, grant the landlord access at any reasonable time to enable the landlord to work towards the aforementioned objectives and to monitor the progress of such initiatives.

Another measure involves the collaboration with the HIH Group. HIH Invest collaborates with the HIH Group on the group level. It is a great way to ensure that Group products and services **cover the entire real estate industry value chain**. To enable us to review and report on the implementation of the sustainability program, environmental data are collected and analysed at the investment fund level and at the asset level for the entire portfolio of HIH Invest. This permits performance evaluations and the detection of opportunities. The data are captured by the property management on a monthly basis. The meter readings at proprietary property holdings for the



years 2019/2020 are collected by a program called Knack. The consumption data are also collected separately by the property managers. Aggregated consumption data include, on the one hand, the landlord's energy and water consumption and waste generation, the bills for the above items being assessed for the purpose of data backup, and, on the other hand, the tenant's energy and water consumption and waste generation (all depending on the data basis).

In order to keep expanding and improving sustainability projects in the future, we are working **on possible measures to reduce emissions and increase efficiency**. We developed an internal ESG scoring system to screen our entire portfolio and to take stock and run **portfolio analyses**, in a manner of speaking.

We will conduct an ESG inventory of our 307 actively managed properties and complete it in 2021, among other actions. In the process, an ESG performance measurement will be obtained for each property. For the first time, our newly developed scoring model gives us a reference benchmark for the ESG performance on the property and fund levels. In the next step, we will carefully assess the scoring outcomes. The idea is to identify ESG potential, and to develop strategies for improvement.

We use five ESG characteristics to measure the ESG performance. These are energy efficiency, social performance, occupier amenities and safety, economic performance, and certification/governance. Hypothetically speaking, the maximum score would be 100 percent. For each ESG characteristic, various measuring points are examined and rated with a point score depending on the measured degree of achievement. The measuring points are weighted according to their significance. The ESG scores are of interest not just on the asset level, but also on the fund level. For instance, the information gathered is valuable for fund products structured under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). But the data are just as relevant for the ESG reporting, too.

With our **scoring model, we developed a flexible method** that can be adapted to increasing requirements. Measuring the ESG performance is supposed to permit a sustainable adjustment of the assets even if the investors have decided to forego a green label certification of their real estate. In a next step, we plan to analyse which realistic and which maximum ESG score each asset could achieve due to its specifications, the idea here being to identify optimisation potential. We intend to recognise the maximum scoring figure aggregated on the fund level as target benchmark to be achieved. **For the target/actual comparison**, it is planned to set up an improvement tracking system. Eventually, every asset and every fund are supposed to get their own ESG roadmap whose details are coordinated between the asset management and the investors.

In a parallel move, a general schedule of actions is being developed. The schedule will support the effort to match an identified potential with the appropriate measure, either an "E" or an "S" measure, so as to keep developing the assets and to make them ever more sustainable in the long term.



6 PREPARING THE SUSTAINABILITY REPORT ACCORDING TO THE GRI STANDARDS

The sustainability report prepared in accordance with the GRI standard covers the main business line of HIH Invest. Throughout the report, the substantive and qualitative guidelines were intrinsically heeded in accordance with the GRI standard. No third-party audit is conducted.

This sustainability report of HIH Invest represents the first edition prepared according to the GRI standard. This means that the period for which the material topics are defined for the first time is 2020. This makes a comparison with any previous reporting period pointless.

Moreover, neither breaches against effective guidelines nor corruption cases during the reporting period were recognised.

6.1 **Material Contents of the Report**

The material topics of this report focus on the objectives, strategies, measures and mission statements while taking ESG principles into account. The goal that HIH Invest pursues is to optimise sustainability aspects both in the services it provides and in its investment process. The chief priority is to actively contribute to the implementation of the Paris Climate Accord. Any structuring options are exploited therefore to achieve a sustainable reduction of CO2 emissions.

Since we are in the business of managing long-term investments, decisions are forward-looking and based on the responsible interaction with the environment and with society.



6.1.1 References to the Contents of GRI Standards⁵

Ch.	Contents	Page count
GRI 101	Reporting Principles	
GRI 102	General Disclosures	
	Organisational profile	
102-1	Name of the organisation	Cover sheet
102-2	Activities, brands, products, and services	3 Our company
102-3	Location of headquarters	3 Our company
102-4	Location of operations	9 Credits
102-5	Ownership and legal form	3 Our company
102-6	Markets served	3 Our Company

⁵ Omissions reasons:

1) Not applicable 2) Confidentiality constraints 3) Explicit legal prohibitions 4a) No information available 4b) Information partially available



102-7	Scale of the organisation	3 Our company
102-8	Information on employees and other workers	4.1.2 Social
102-9	Supply chain	4.1.2 Social
102-10	Significant changes to the organisation and its supply chain	4.1.1 Governance 4.1.2 Social
102-11	Precautionary Principle or approach	4.1.3 Environmental
102-12	External initiatives	4.1.2 Social 4.1.3 Environmental 4.2 Memberships, initiatives & partners
102-13	Membership in industry associations and interest groups	4.2 Memberships, initiatives & partners
Strategy		
102-14	Statement from senior decision-maker	2 Basis of our actions 2.1 ESG as core aspect of our actions
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	4.1 Our values as basis for our actions
102-18	Governance structure	4.1 Our values as basis for our actions 4.1.1 Governance
Stakeholder engagement		
102-40	List of stakeholder groups	4.1.2 Social
102-41	Collective bargaining agreements	4.1.2 Social



		4.1.2 Social
102-42	Identifying and selecting stakeholders	4.1.2 Social
102-43	Approach to stakeholder engagement	4.1.2 Social
102-44	Key topics and concerns raised	4.1.2 Social
		5.1 Targets & measures
Reporting practice		
102-45	Entities included in the consolidated financial statements	4.1.2 Social
102-46	Defining report content and topic Boundaries	6 Report preparation
102-47	List of material topics	4. Our ESG approach
102-48	Restatements of information	6 Report preparation
102-49	Changes in reporting	6. Report Preparation
102-50	Reporting period	Cover sheet
102-51	Date of most recent report	1 Report, unavailable
102-52	Reporting cycle	6 Reporting practice
102-53	Contact point for questions regarding the report	8 Credits
102-54	Claims of reporting in accordance with the GRI Standards	6.1.1 References to the Contents of GRI Standards
102-55	GRI Content Index	6.1.1 References to the Contents of GRI Standards
102-56	External assurance	6 Report preparation (no third-party audit)
GRI 103: 103-1 // 103-2 // 103-3	Management approach	4.1 Our values as basis for our actions 4.1.1 Governance 4.1.2 Social



4.1.3 Environmental

5.1. Targets & measures

5.2 Measures and implementation

GRI 200	Economic Standards	
GRI 201	Economic Performance	
201-1	Direct economic value generated and distributed	Omission reason (2)
201-2	Financial implications and other risks and opportunities due to climate change	5.1. Targets & measures
201-3	Liability for defined benefit pension funds	Omission reason 2
201-4	Financial support from the public sector	Omission reason 2
GRI 202	Market Presence	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Omission reason 4
202-2	Proportion of senior leaders recruited from the local community	Omission reason 4
GRI 203	Indirect Economic Impacts	
203-1	Infrastructure investments and services supported	Omission reason 4
203-2	Significant indirect economic impacts	Omission reason 4
GRI 204	Procurement Practices	
204-1	Proportion of spending on local suppliers	Omission reason 4
GRI 205	Anti-Corruption Measures	
205-1	Operating sites audited for corruption risks	6 Report preparation
205-2	Communication and training concerning policies and procedures	4.1.2 Social



205-3	Confirmed incidents of corruption and actions taken	6 Report preparation
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GRI 206 Anti-Competitive Behaviour

206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Omission reason 1
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GRI 207 Taxes missing

207-1	Tax concept	4.1.1. Governance
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207-2	Tax governance, control and risk management	4.1.1 Governance
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207-3	Stakeholder engagement and management of fiscal concerns	4.1.2 Social
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207-4	Country-by-country reporting	Not applicable
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GRI 300 Environmental Standards

GRI 301 Materials

301-1	Materials used by weight and volume	Omission reason 4
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301-2	Recycled input materials used	Omission reason 4
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301-3	Recycled products and their packaging materials	Omission reason 4
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GRI 302 Energy

302-1	Energy consumption within the organisation	Omission reason 4
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302-2	Energy consumption outside the organisation	Omission reason 4
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302-3	Energy intensity	Omission reason 4
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302-4	Reduction or energy consumption	Omission reason 4
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302-5	Reductions in energy requirements of products and services	5.1 Targets & measures
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GRI 303 Water



303-1	Interactions with water as a shared resource	5.1.2 Key figures and consumption rates
303-2	Management of water discharge-related impacts	Omission reason 4b
303-3	Water withdrawal	Omission reason 4b
303-4	Water discharge	Omission reason 4b
303-5	Water consumption	5.1.2 Key figures and consumption rates
GRI 304 Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Omission reason 1
304-2	Significant impacts of activities, products, and services on biodiversity	Omission reason 1
304-3	Habitats protected or restored	Omission reason 1
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Omission reason 1
GRI 305 Emissions		
305-1	Direct (Scope 1) GHG emissions	5.1.2 Key figures and consumption rates
305-2	Energy indirect (Scope 2) GHG emissions	5.1.2 Key figures and consumption rates
305-3	Other indirect (Scope 3) GHG emissions	5.1.2 Key figures and consumption rates
305-4	GHG emissions intensity	5.1.2 Key figures and consumption rates
305-5	Reduction of GHG emissions	5.1 Targets & measures
305-6	Emissions of ozone-depleting substances (ODS)	Omission reason 4a



305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions Omission reason 4a

GRI 306 Effluents and Waste

306-01 Water discharge by quality and destination Omission reason 4a

306-02 Waste by type and disposal method Omission reason 4a

306-03 Significant spills Omission reason 4a

306-04 Transport of hazardous waste Omission reason 4b

306-05 Water bodies affected by water discharge and/or runoff Omission reason 4a

306-1 Waste generation and significant waste-related impacts Omission reason 4a

306-2 Management of significant waste-related impacts Omission reason 4a

306-3 Waste generated Omission reason 4a

306-4 Waste diverted from disposal Omission reason 4a

306-5 Waste directed to disposal Omission reason 4a

GRI 307 Environmental Compliance

307-1 Non-compliance with environmental laws and regulations Omission reason 1

GRI 308 Supplier Environmental Assessment

308-1 New suppliers that were screened using environmental criteria Omission reason 4b

308-2 Negative environmental impacts in the supply chain and actions taken Omission reason 4

GRI 401 Employment

401-1 New employee hires 4.1.2 Social

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 4 Our ESG approach
Employee concerns and well-being



401-3 Parental leave 4.1.2 Social

GRI 402 Labour/Management Relations

402-1 Minimum notice periods regarding operational changes 4 Our ESG approach

GRI 403 Occupational Health and Safety

403-1 Occupational health and safety management system 4.1 Our values as basis for our actions

4.1.1 Governance

403-2 Hazard identification, risk assessment, and incident investigation 4.1 Our values as basis for our actions

4.1.1 Governance

403-3 Occupational health services Omission reason 2

403-4 Worker participation, consultation, and communication on occupational health and safety 4.1 Our values as basis for our actions

4.1.1 Governance

4.1.2 Social

403-5 Worker training on occupational health and safety 4.1 Our values as basis for our actions

4.1.1 Governance

4.1.2 Social

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 4.1 Our values as basis for our actions

4.1.1 Governance

403-8 Workers covered by an occupational health and safety management system 4.1 Our values as basis for our actions

4.1.1 Governance

4.1.2 Social

403-9 Work-related injuries Omission reason 2



403-10 Work-related ill health Omission reason 2

GRI 404 Training and Education

404-1	Average hours of training per year per employee	4.1 Our values as basis for our actions 4.1.1 Governance 4.1.2 Social
404-2	Programs for upgrading employee skills and transition assistance programs	4.1 Our values as basis for our actions 4.1.1 Governance 4.1.2 Social
404-3	Percentage of employees receiving regular performance and career development reviews	4.1 Our values as basis for our actions 4.1.1 Governance 4.1.2 Social

GRI 405 Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	4.1.2 Social
405-2	Ratio of basic salary and remuneration of women to men	4.1.2 Social

GRI 406 Non-Discrimination

406-1	Incidents of discrimination and corrective actions taken	4.1 Our values as basis for our actions
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GRI 407 Freedom of Association and Collective Bargaining

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.1 Our values as basis for our actions 4.1.1 Governance
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GRI 408 Child Labour



408-1	Operations and suppliers at significant risk for incidents of child labour	4.1 Our values as basis for our actions
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4.1.1 Governance

GRI 409 Forced or Compulsory Labour

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	4.1 Our values as basis for our actions
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4.1.1 Governance

GRI 410 Security Practices

410-1	Security personnel trained in human rights policies or procedures	4.1 Our values as basis for our actions
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4.1.1 Governance

GRI 411 Rights of Indigenous Peoples

411-1	Incidents of violations involving rights of indigenous peoples	Omission reason 4
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Omission reason 1

GRI 412 Human Rights Assessment

412-1	Operations that have been subject to human rights reviews or impact assessments	4.1 Our values as basis for our actions
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4.1.1 Governance

412-2	Employee training on human rights policies or procedures	4.1 Our values as basis for our actions
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4.1.1 Governance

412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	4.1 Our values as basis for our actions
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4.1.1 Governance

GRI 413 Local Communities

413-1	Operations with local community engagement, impact assessments, and development programs	4.1 Our values as basis for our actions
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4.1.2 Social – community engagement



413-2	Operations with significant actual and potential negative impacts on local communities	Omission reason 1
GRI 414 Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Omission reason 1
414-2	Negative environmental impacts in the supply chain and actions taken	Omission reason 1
GRI 415 Public Policy		
415-1	Political contributions	Omission reason 1
GRI 416 Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	4 Our ESG approach 4.1 Our values as basis for our actions 4.1.2 Social
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4 Our ESG approach 4.1 Our values as basis for our actions 4.1.2 Social
GRI 417 Marketing and Labelling		
417-1	Requirements for product and service information and labelling	4.1.2 Social
417-2	Incidents of non-compliance concerning product and service information and labelling	4.1.2 Social
417-3	Incidents of non-compliance concerning marketing communications	Not available
GRI 418 Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Omission reason 1



GRI 419 Socioeconomic Compliance

419-1	Non-compliance with laws and regulations in the social and economic area	4 Our ESG approach Compliance
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6.1.2 Omitted Topics

Omitted topics	Omission Reason acc. to GRI	Rationale
Direct economic value generated and distributed	Omission reason 2	For the protection of stakeholders and investors, no detailed list is provided
Liability for defined benefit pension funds	Omission reason 2	
Market presence	Omission reason 4a	The report differentiates by employment contract and gender
Indirect economic impacts	Omission reason 4a	Indirect impacts are not documented
Procurement practices	Omission reason 4a	Expenditure on suppliers are not reported collectively
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Omission reason 1	Not available
Materials	Omission reason 4a	The services include no procurement or production of materials
Management of water discharge-related impacts	Omission reason 4b	Not included in water bills
Water withdrawal	Omission reason 4b	Not included in water bills
Water discharge	Omission reason 4b	Not included in water bills
Biodiversity	Omission reason 4a	Impacts on biodiversity have not been evaluated
Emissions of ozone-depleting substances (ODS)	Omission reason 4a	No information available



Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Omission reason 4a	No information available
Water discharge by quality and destination	Omission reason 4a	No information available
Significant spills	Omission reason 4a	No information available
Transport of hazardous waste	Omission reason 4a	No information available
Water bodies affected by water discharge and/or runoff	Omission reason 4a	No information available
Waste generation and significant waste-related impacts	Omission reason 4a	No information available
Management of significant waste-related impacts	Omission reason 4a	No information available
Supplier environmental assessment	Omission reason 4b	No information available
Rights of indigenous peoples	Omission reason 1	No information available
Incidents of violations involving rights of indigenous peoples	Omission reason 1	No known incidents
Supplier social assessment	Omission reason 4a	Suppliers are not screened
Customer privacy	Omission reason 1	Included in the general data protection policy



7 **DISCLAIMER**

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8 CREDITS

Published by

HIH Invest Real Estate GmbH

Gertrudenstrasse 9
D-20095 Hamburg
E info@hih.de
T +49 40 3282-3600
W www.hih-invest.de

Contact

Iris Hagdorn,
Head of Sustainability,

Locations

Hamburg

HIH Invest Real Estate GmbH
Gertrudenstrasse 9
D-20095 Hamburg
Germany
T +49 3282 3600

Amsterdam

Warburg-HIH Invest Real Estate Benelux B.V.
Apollolaan 151 Unit 2.04
1077 AR Amsterdam
Netherlands
T +31 611 360 582

London

HIH Real Estate UK Ltd.
2 London Wall Place
EC2Y 5 AU London
United Kingdom
T +44 7392 742642

Vienna

Warburg-HIH Invest Real Estate Austria GmbH
Media Tower // Taborstr. 1
1020 Vienna
Austria
T +43 1 581 3071 18

Managing Director

Carsten Demmler, Alexander Eggert, Hans-Joachim Lehmann, Siegbert Moraw

Commercial register: District Court of Hamburg, HRB 82406

Supervisory authority: Federal Financial Supervisory Authority (BaFin)

VAT ID no: DE215858737