


Responsible Investment Policy

For Internal / External Use

19-12-2022



Document information

Scope of application

This Responsible Investment Policy applies to PATRIZIA SE and all legal entities in which PATRIZIA SE directly or indirectly holds more than 50 % of the shares or voting rights (each hereinafter referred to as a “Company”). This applies also to the extent the Company is held or acting for the account of a special fund or other third parties (and, hence, in particular applies to fund vehicles and real estate special purpose vehicles).

Policy owner

Central Sustainability Team

Entry into force

December 2022

Document history

Version	Date	Author	Changes / Comment	Approved by
1	2020	Anne Boker	First Implementation	
2	2021	Edward Pugh	Revised Principles, updated Common Minimum Standards in line with strategic development	
3	2022	Edward Pugh / Aaron Scott	Revised structure, inclusion of scope table, inclusion of infrastructure chapters	Executive Committee
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1. PATRIZIA's Approach

1.1. Defining responsible investment

Respect for the individual, society, and the environment is the foundation of PATRIZIA's culture. We are dedicated to conducting ourselves in accordance with the highest legal, ethical, and professional standards throughout our business and investment operations.

We recognise that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental, and economic systems, and that the effective integration of environmental, social and governance matters (ESG) leads to the best economic outcomes.

Accordingly, PATRIZIA defines Responsible Investment as the practice of incorporating ESG factors, such as principal adverse impacts on sustainability factors, in investment decisions and active ownership.

1.2. Policy framework

This policy sets out PATRIZIA's

- Overarching **Responsible Investment Principles**, which define how responsible investment is embodied in its culture and business activities.
- **Corporate guidelines**, which define responsibilities specific to PATRIZIA's own operations.
- **Business unit specific guidelines**, which define responsibilities specific to individual business units within PATRIZIA, namely Real Estate, Infrastructure Equity and Infrastructure Listed.
- **Approach to impact investing**, outlining a general approach and definition.

These policies and supporting materials are regularly reviewed in line with industry best practices by the Head of Sustainability in conjunction with the in-house legal and compliance functions. Any material revisions are approved by the Chair of the ESG Committee (typically a member of the senior most executive management body). The policy is maintained in alignment to PATRIZIA's sustainability strategy, which is governed by PATRIZIA's ESG Committee.

1.3. Scope of application

At PATRIZIA, every employee has a part to play in applying the responsible investment principles and contributing towards PATRIZIA's sustainability goals. Responsible investment underpins PATRIZIA's culture, and pervades everything we do, from the way we grow our teams to the analysis of investments.

Accordingly, this policy includes commitments and guidelines that are relevant to all PATRIZIA employees, along with additional sections that apply specifically to individual Business Units within PATRIZIA, as outlined below.

Table 1: Scope of application by section

Policy Section	Business Unit			
	Real Estate	Infrastructure Equity	Infrastructure Debt	Infrastructure Listed
PATRIZIA Approach	✓	✓	✓	✓
Overarching Principles	✓	✓	✓	✓
Corporate Guidelines (own operations)	✓	✓	✓	✓
Real Estate	✓			
Infrastructure (Equity)		✓		
Infrastructure (Listed)				✓
Impact Investing	✓	✓		✓

2. PATRIZIA´s principles

With the purpose of building communities and sustainable futures, responsible investment is foundational to PATRIZIA and central to its culture, which ensures that we serve as a reliable partner to all our stakeholders. The real asset industry shapes the future of society and will be instrumental in the transition to a low carbon, circular economy, which presents a historic investment opportunity for PATRIZIA´s clients.

As the long-term steward of our clients' capital, it is both PATRIZIA's investment conviction and fiduciary duty to integrate environmental, social and governance (ESG) factors throughout the investment process, as we believe that this will increase portfolio resilience and risk-adjusted returns, while creating long-lasting societal value.

2.1. Responsible Investment Principles

PATRIZIA's approach to responsible investment is underpinned by **Responsible Investment Principles**:

- PATRIZIA abides by the highest standards of integrity, ethics, and business conduct by continuously applying, reviewing, and strengthening its governance processes and frameworks.
- PATRIZIA considers ESG in investment decision-making through integration of ESG analysis throughout the investment process.
- PATRIZIA encourages consideration of ESG across the industry by promoting the practice of responsible investment, including by making ESG the cornerstone of its own practices.
- PATRIZIA seeks appropriate and transparent disclosures on the progress and performance of its ESG activities.
- PATRIZIA fosters a culture of collaboration and innovation to continually enhance its approach to ESG integration and responsible investment.

2.2. Sustainability Goals

PATRIZIA's guiding principles will be demonstrated through achievement of our long-term **Sustainability Goals**:

- 1) Become a leading sustainable investor in real assets with a consistent UN PRI 5-star rating from 2025 onward.
- 2) Be an employer of choice in the Real Asset sector, where everyone feels included, represented, and valued equitably.
- 3) Become a leading global impact investor in the real assets sector with a meaningful part of our AUM in impact investments by 2035.
- 4) Achieve net zero carbon status across our corporate operations and real asset portfolio by 2040 or earlier, with a clear ambition to execute as fast as external and stakeholder requirements permit.

3. Corporate Guidelines

3.1. Corporate Governance

Policy implementation

For Corporate Governance at PATRIZIA, the following has been defined:

- **Common Minimum Standards**, which guide the implementation of its responsible investment principles across different business functions, ensuring consistency of approach.

Common minimum standards

- PATRIZIA implements a governance framework that is led by Board members, including formulation of an ESG Committee and Equity Diversity & Inclusion (EDI) Council, with representatives from across the business.
- PATRIZIA is a signatory of the United Nations Principles of Responsible Investment (UN PRI) and commits to implementing these principles in its corporate processes and investment decisions. PATRIZIA promotes the implementation of the UN PRI throughout the industry and raises awareness amongst its stakeholders.
- PATRIZIA supports the UN Global Compact and ensures that its policies are aligned with the Ten Principles.
- PATRIZIA is committed to creating a culture where everyone feels included, represented, and valued equitably, and actively promotes and encourages equity, diversity, and inclusion to its stakeholders, including business partners and investee companies.
- PATRIZIA is committed to behaviours and actions that are consistent with International Labour Organisation (ILO) Core Conventions, and national and local laws regarding modern slavery, workers' rights, competitive wages and benefits, safe and healthy workspaces, and requires its business partners and investee companies to do the same.

- PATRIZIA's Code of Values and Compliance Manual are binding for all employees, and set out the common values of PATRIZIA, which guide day-to-day actions, in the interests of all employees, contractors, customers and other business partners and shareholders.
- PATRIZIA will only invest in assets that meet our requirements on specific ethical issues, through maintenance of a Screening & Ethical Exclusion Policy.
- PATRIZIA's Supplier Code of Conduct establishes ESG related requirements of its business partners, encouraging the adoption of its Responsible Investment Principles throughout the supply chain.
- PATRIZIA complies with the applicable international, national, state and local labour laws in the countries in which we invest, and respects the rights of employees to decide whether or not to join a union and engage in collective bargaining.
- PATRIZIA is a supporter of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and encourages its portfolio to operate accordingly.
- PATRIZIA is a supporter of the United Nations Sustainable Development Goals (UN SDGs) and strives to align its governance framework, objectives, and business practices accordingly.

3.2. Corporate Operations (Own Operations)

Policy implementation

For Corporate Operations at PATRIZIA, the following has been defined:

- **Common Minimum Standards**, which guide the implementation of its responsible investment principles across different business functions, ensuring consistency of approach.
- **Suggested Actions**, which highlight common best practices when applying its responsible investment principles, recognising that they may be enacted in myriad ways.

Common minimum standards

- PATRIZIA operates an Environmental Management System (EMS) in alignment with the requirements of the international standard, ISO 14001, to entrench processes for continually improving ESG-related performance.
- PATRIZIA includes ESG criteria in job descriptions to make ESG part of every role and implements a remuneration framework that recognises and rewards sustainable business practices.
- PATRIZIA conducts regular training on ESG matters to encourage awareness and understanding of current topics and industry practices.
- PATRIZIA leverages its position as a leading real asset manager to promote and share its Responsible Investment Principles across the industry, including amongst clients, business partners, service providers, and shareholders, to collaborate in working towards a sustainable future.

Suggested actions

- PATRIZIA endeavours to reduce the environmental impact of its operations, including management of resource use through efficient operation of buildings, and by encouraging positive behaviours, such as application of the waste hierarchy.

- PATRIZIA leverages data management systems to facilitate the collection, preparation, quality control, and analysis of ESG data for evaluation and disclosure of ESG performance.
- PATRIZIA seeks to accommodate best practices in sustainability in the design of its own workplaces, both for the benefit of our employees and to promote sustainability to the industry.
- The PATRIZIA Travel Policy encourages employees to choose more environmentally sound means of transportation and commute, such as taking the train rather than flying, using public transport, and sharing transfers.
- PATRIZIA actively supports the health and wellbeing of its employees, and other stakeholders, by facilitating wellness related events, activities, and employee benefits.
- PATRIZIA encourages charitable initiatives, including volunteering, and advocates community engagement activities to drive positive change within the communities in which it operates and invests.
- PATRIZIA encourages its employees to engage in further professional development activities by attending ESG focused events and training courses.
- PATRIZIA strives to apply sustainability criteria in its procurement processes, such as procurement of renewable energy and sustainable materials where feasible.

4. Real Estate

4.1.1. Policy implementation

For the Real Estate business units and functions at PATRIZIA, the following has been defined:

- **Common Minimum Standards**, which guide the implementation of its responsible investment principles across different business functions, ensuring consistency of approach.
- **Suggested Actions**, which highlight common best practices when applying its responsible investment principles, recognising that they may be enacted in myriad ways.

4.1.2. Transactions

Common minimum standards

- PATRIZIA applies ESG screening for all potential investments, including the criteria of PATRIZIA's Screening and Ethical Exclusion Policy.
- PATRIZIA conducts ESG due diligence, as guided by PATRIZIA's Due Diligence, to identify material ESG-related risks and opportunities prior to acquisition, ensuring that they are manageable through adequate procedures.
- PATRIZIA considers the results of ESG due diligence in investment proposals and establishes relevant measures in business plans to manage material risks.
- PATRIZIA ensures that all acquisitions meet minimum regulatory and reporting requirements, such as requiring a valid energy performance certificate.

- In the selection of investments, PATRIZIA considers fund-level commitments, such as environmental and/or social characteristics, sustainable investment objectives, and where relevant, principal adverse impacts on sustainability factors.

Suggested actions

- PATRIZIA undertakes a climate change risk assessment for all acquisitions, following a recognised methodology.
- PATRIZIA will draw up a decarbonisation plan, including optimisation measures to align with an appropriate asset-specific decarbonisation pathway.
- PATRIZIA will consider only acquiring real estate assets that have or are able to achieve a suitable level of green building certification or energy performance certificate.
- PATRIZIA will endeavour to obtain actual, rather than estimated, performance data as the basis for materiality assessments (e.g., energy consumption data for assessing climate related risks).

4.1.3. Asset Management

Common minimum standards

- In alignment with investor requirements, PATRIZIA implements fund-level ESG strategies when preparing asset business plans and budgets.
- PATRIZIA complies with relevant legislation, including through its engagements with external stakeholders, such as Property Managers or Investee Companies.
- PATRIZIA takes appropriate measures to assess ESG related risks and opportunities at the asset-level (e.g., through ongoing due diligence).
- PATRIZIA strives to collect ESG data for the purpose of assessing key ESG related risks and opportunities, and for transparent disclosure of performance.
- PATRIZIA engages with key stakeholders to collaborate on ESG matters, such as Investee Companies, Property Managers, or tenants.
- PATRIZIA applies its Partner Selection Criteria and Procurement Policy when selecting suppliers and service providers, and promotes the same practices throughout its supply-chain.

Suggested actions

- In Asset Business Plans, PATRIZIA capitalises on key events to incorporate measures for improving ESG performance, in line with the fund-level ESG strategy.
- PATRIZIA includes the full Sustainability Appendix in all Property Management Agreements and encourages the insertion of green lease clauses for all new leases.
- PATRIZIA seeks to incorporate best practices when procuring products, such as in the specification of electrical equipment, cleaning products, materials, and energy, such as by procuring renewable energy.

- PATRIZIA seeks to instil best practices when undertaking fit-out and refurbishment work, such as when specifying criteria for limiting exposure to hazardous materials and pollutants, and when sourcing materials, including by encouraging recycling and re-use.
- PATRIZIA aims to digitally enable assets with appropriate technologies to facilitate the collection of ESG data and to optimise ESG performance, such as energy monitoring and performance software.

4.1.4. Fund Management

Common minimum standards

- Through consideration of ESG related risks and opportunities, PATRIZIA aims to incorporate material ESG factors into investment decisions.
- PATRIZIA adopts a fund-level ESG strategy, referring to PATRIZIA's ESG Fund Level Matrix where appropriate, in alignment with investor preferences and regulatory requirements. For non-discretionary mandates, PATRIZIA will advocate the adoption of an ESG strategy.
- PATRIZIA measures and conveys the sustainability-related performance of each fund to the Review Committee for evaluation during internal Fund Reviews.
- PATRIZIA updates its investor clients on ESG performance during Investor Meetings.
- PATRIZIA ensures regulatory compliance with all product-level requirements, including product classifications and disclosures.

Suggested actions

- Subject to investor requirements, PATRIZIA leverages suitable climate scenarios and reference benchmarks to perform a robust climate risk assessment, including identification of a decarbonisation pathway and consideration of adaptation solutions.
- Subject to investor requirements, PATRIZIA considers participation in recognised industry benchmarks (e.g., GRESB).
- Subject to investor requirements, PATRIZIA considers issuing fund-level Sustainability Reports in alignment with industry guidelines, such as the INREV Sustainability Guidelines.

4.1.5. Real Estate Development

Common minimum standards

- Where PATRIZIA has full discretion over the development process, an ESG strategy is applied for each development, in line with the 'ESG Policy Matrix – Development'. Where PATRIZIA does not have full discretion, it will advocate such a strategy.
- PATRIZIA will maintain and update the 'ESG Policy Matrix – Development', with consideration of best practices and PATRIZIA's sustainability goals.
- PATRIZIA tracks the ESG-related performance of its developments, including the extent to which the 'ESG Policy Matrix – Development' is applied, through reporting and regular engagement with stakeholders.

- PATRIZIA appoints consultants and architects with suitable ESG credentials and a proven track record of ESG integration.

Suggested actions

- PATRIZIA will strive to consider resource use and greenhouse gas emissions, such as by conducting a life-cycle carbon emission assessment (LCA), developing a climate protection roadmap, assessing feasibility of renewable energy, and establishing greenhouse gas emission intensity targets.
- PATRIZIA will strive to consider user comfort, health & wellbeing, and building physics, such as thermal comfort, acoustics, air quality, and lighting.
- PATRIZIA will strive to consider ecological factors, such as land use and biodiversity.
- PATRIZIA will strive to obtain a reputable green building certification.
- PATRIZIA will strive to consider the physical risks associated with climate change by leveraging a suitable methodology.
- PATRIZIA will strive to consider building operational factors, such as commissioning to ensure energy efficiency and the ongoing monitoring of building performance.
- PATRIZIA strives to design for durability, ensuring that a building is fit for varying uses during its life cycle and is adaptive to various climate scenarios (e.g., heat stress).
- PATRIZIA strives to limit exposure to hazardous materials and pollutants during construction works, including to air, water, and ecosystems, and visual or noise pollution, with consideration for the health, safety and well-being of service-providers and the surrounding community.
- PATRIZIA considers offsetting residual embodied carbon emissions on practical completion, through use of a recognised framework.
- PATRIZIA designs buildings to be net-zero in operation, or in line with an appropriate decarbonisation pathway.
- PATRIZIA considers innovative design approaches regarding circular economy principles, such as cradle-to-cradle design and novel material selection.
- PATRIZIA engages with local communities to preserve heritage and culture, alongside other social considerations.

5. Infrastructure

5.1. Vision

- PATRIZIA Infrastructure seeks to be a global leader in responsible investment, aiming to create and foster a culture of responsible investment amongst its employees, portfolio companies, and assets, as well as the broader financial community.
- Over two decades of experience in responsible investing has demonstrated to PATRIZIA Infrastructure the fundamental importance of the broad set of extra-financial considerations concerning ESG issues to investment outcomes.

- We focus on these matters to succeed at making sustainable long-term investments, at managing real assets through their lifecycle, and at delivering outstanding returns to our investors.
- We are committed to long term value creation and sustainable growth, acknowledging the importance of investing in a responsible fashion, considering environmental, social and governance (ESG) matters, while preserving high ethical and business integrity standards.
- Given the relevance of environmental, social and governance matters as both risks and opportunities for infrastructure assets, PATRIZIA Infrastructure believes that the correct management of ESG issues contributes to both value creation and material risk reduction.
- As a long-term investor, PATRIZIA Infrastructure believes in the need to embrace ESG considerations and matters in its culture, policies, and practices, to diminish risk, increase financial returns, meet our investors' expectations, and contribute to society as a whole.

5.2. Infrastructure (Equity)

This section provides guidance on the integration of sustainability across all PATRIZIA Infrastructure Equity activities, specifically, including actions to drive the integration of ESG into core investment processes and to support the broader commitments outlined herein.

5.2.1. Governance

- PATRIZIA Infrastructure is represented on the PATRIZIA-wide ESG Committee by the Head of Sustainable Transformation.
- The PATRIZIA Infrastructure Sub-Committee is chaired by the PATRIZIA Infrastructure CEO with cross functional representation by senior PATRIZIA Infrastructure managers.

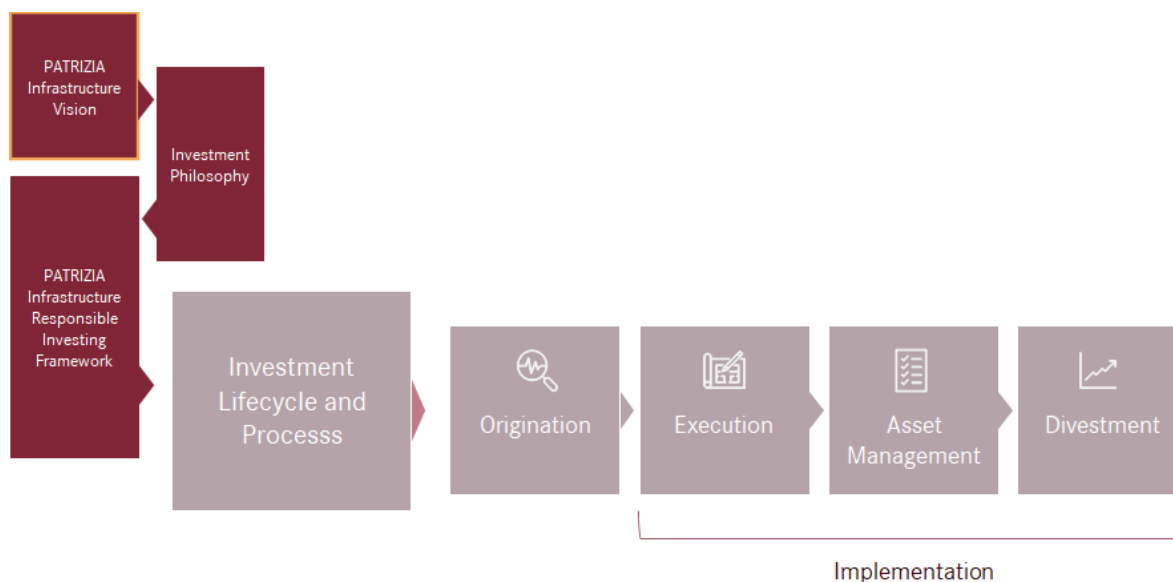
5.2.2. Policy Implementation

The relevant commitments contained in this policy are integrated into the core investment processes (*inter alia*) of PATRIZIA Infrastructure through the following, which are collectively known as the PATRIZIA Infrastructure Responsible Investment Framework (PIRIF):

- The **PATRIZIA Screening and Ethical Exclusion Policy**.
- The PATRIZIA proprietary **ESG assessment framework** (Due Diligence Questionnaire), which identifies ESG risks and supports the inclusion of remedial actions into business plans through governance and monitoring of investees.
- The PATRIZIA Infrastructure **ESG implementation guidelines**, which comprise a 9-step framework for ensuring the incorporation of ESG considerations throughout the asset lifecycle (applicable to direct equity investments only).
- The **PATRIZIA Infrastructure voting policy** provides high level guidance and authorizations for voting, either in a discretionary capacity or when advising clients pursuant to a non-discretionary engagement (applicable to listed and non-listed investments). ESG considerations are specifically included as topics to be considered as part of the commercial interests of a client.
- The **Standardized shareholder agreement clause** encourages investee companies to adopt ESG best practices where reasonable and practicable.

The above elements are internally documented and periodically reviewed and maintained.

Table 2: PATRIZIA Infrastructure Responsible Investment Framework



5.2.3. Common minimum standards

PATRIZIA Infrastructure will:

- Strengthen awareness of environmental, social and governance issues in its culture and processes, investment analyses and activities, aiming at reinforcing the practice of responsible investment.
- Provide employees and portfolio companies with educational materials on ESG matters, ensuring that its employees are appropriately trained, and educate business partners on PATRIZIA Infrastructure's ESG commitments where possible.
- Develop and maintain policies, systems, and tools to drive ESG integration and responsible investment, including the internal ESG risk assessment system (i.e., PIRIF).
- Ensure the adoption of the PATRIZIA Infrastructure Responsible Investment Framework (PIRIF) during the due diligence, asset management and disposal stages.
- Ensure that ESG issues are, prior to the investment being undertaken, manageable through adequate procedures and, after the investment, monitored to reduce risks and maximize compliance with PATRIZIA Infrastructure's standards.
- Employ an integrated approach to ESG risk management throughout the investment process, from origination to exit, including the monitoring of ESG strategies and deployable mitigation measures for future risks, ensuring that PATRIZIA Infrastructure's reputation and business performance is not compromised.
- Monitor the ESG performance of PATRIZIA Infrastructure and portfolio companies, and periodically report to investors, clients, and the public.
- Assess and promote ethical and business integrity standards of business partners and portfolio companies, and choose investment partners with a proven track record of high ethical and business integrity standards, including alignment with PATRIZIA's ESG commitments.

- Apply the PATRIZIA Screening and Ethical Exclusion Policy regarding specific issues that must be complied with before investment is permitted.
- Only invest in companies operating in compliance with the International Finance Corporation (IFC) Performance Standards and the relevant Environmental, Health and Safety (EHS) guidelines applicable to our sector and those that we invest in.
- Participate in industry events and publish papers on the topic of responsible investment to promote and foster ESG awareness in the industry, stimulating competitors and peers to embrace responsible investment practices.

5.3. Infrastructure (Listed)

This section is specific to PATRIZIA Infrastructure’s listed investment capabilities regarding the integration of ESG into the core investment processes and the broader commitments outlined herein.

5.3.1. Governance

The PATRIZIA Listed Strategies Investment Committee is responsible for determining the commitments and actions to be undertaken for listed infrastructure investments.

5.3.2. Implementation

The commitments relating to PATRIZIA’s listed infrastructure investments can be found in the fund-specific Sustainable Investment Policy, which includes specific commitments, screening, and blacklists.

6. PATRIZIA’s approach to impact investing

6.1. Defining impact investment

Impact investments are made with the clear and deliberate intention of generating a positive social and/or environmental result together with an attractive risk-adjusted financial return. To be classed as impact investing, the investments need to align to 3 key criteria: intentionality, additionality, and measurability:

- **Intentionality:** Positive social or environmental impact that is defined as part of the investment strategy and assessed alongside financial return.
- **Additionality:** The positive impact would not have occurred without the investment.
- **Measurability:** The positive impact is demonstrable through measurement and management of the process of creating social and/or environmental impact.

6.2. PATRIZIA's impact investment code

- PATRIZIA makes investments to generate social and/or environmental returns alongside financial returns.
- PATRIZIA strives for a high level of transparency. Our social, environmental and financial goals are clearly communicated from the outset, as well as how we measure these.
- PATRIZIA aims to solve problems for the long-term, while doing no significant harm to other environmental and social goals.
- PATRIZIA takes a proactive approach in every step of the investment process and always strives to go beyond legal requirements.
- PATRIZIA takes ownership and responsibility for our actions and shares our learnings within our industry.
- PATRIZIA always steers clear of greenwashing.
- PATRIZIA aligns our impact strategies with widely accepted frameworks: UN SDG's, UN PRI market map, UNEP FI positive impact radar and sustainability reporting frameworks such as GRESB.

7. Glossary

Act on Equal Participation of Woman and Men in Executive Positions in the Private and Public Sector:

The Act introduces a mandatory gender quota of at least 30% for supervisory boards of German companies, which are publicly listed and subject to parity co-determination.

Carbon Offsetting: An action intended to compensate for the emission of carbon dioxide into the atmosphere as a result of industrial or other human activity, especially when quantified and traded as part of a commercial scheme.

Carbon Risk Real Estate Monitor (CRREM): The CRREM tool is publicly available and helps to identify which properties will be at risk of stranding due to the expected increase in the stringent building codes, regulation, and carbon prices. It also enables an analysis of the effects of refurbishing single properties on the total carbon performance of a company.

Climate change related risks and opportunities: Climate-related risks can be divided into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change. Transition risk: increased pricing of GHG emissions, enhanced emissions-reporting obligations, costs to transition to lower emissions technology. Physical risks: increased severity of extreme weather events, technical facilities set up for rising mean temperatures, flood risk. Opportunities: use of new technologies, increased energy efficiency, lower operating costs, shift in consumer preferences use of public-sector incentives, resource substitutes/diversification.

Corporate Social Responsibility (CSR): CSR is a self-regulating business model that helps a company be socially accountable – to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental. To engage in CSR means that, in the normal course of business, a company is operating in ways that enhance society and the environment, instead of contributing negatively to them.

Decarbonisation Pathway: A forward looking reference scenario (i.e., graphical depiction) of reducing carbon emissions, towards net-zero, based on a 'carbon budget', determined by climate science (e.g., using CRREM tool). I.e., a roadmap for untethering carbon emissions from economic output, to reduce global temperature rise by 1.5 or 2 degrees, by 2100.

Decarbonisation Plan: A summary of actionable measures (with indicative costing) to reduce an asset's carbon footprint in line with a relevant decarbonisation pathway (e.g., from CRREM) towards net-zero carbon. This is likely to include the optimisation of energy efficiency, electrification of core plant, consideration of onsite renewables, and offsetting of any residual emissions.

Do No Significant Harm (DNSH): The concept of avoiding significant harm - the principle of 'do no significant harm' is expressed across both the SFDR (Article 2(17)) and the Taxonomy Regulation (Article 17). Under the latter it is among the preconditions for qualifying environmentally sustainable economic activities. Definitions of significant harm are established for each environmental objective under the EU Taxonomy.

Embodied Carbon: Embodied carbon is the carbon dioxide (CO₂) emissions associated with materials and construction processes throughout the whole lifecycle of a building or infrastructure. It includes any CO₂ created during the manufacturing of building materials (material extraction, transport to manufacturer, manufacturing), the transport of those materials to the job site, and the construction practices used.

Environmental Management System (EMS): An environmental management system is a set of defined processes and practices that enable an organisation to continually improve its environmental performance, i.e., an operational guideline. This is typically expanded to include social and governance factors.

Environmental, social and governance (ESG): ESG criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

Greenhouse gases (GHG) and CO₂: A GHG is any gas in the atmosphere which absorbs heat, and thereby keeps the planet's atmosphere warmer than it otherwise would be. Human activities, such as the burning of fossil fuels, are increasing the levels of GHGs in the atmosphere, causing global warming and climate change. Carbon dioxide (CO₂) is the most common GHG emitted by human activities, in terms of the quantity released and the total impact on global warming. As a result the term "CO₂" is sometimes used as a shorthand expression for all GHGs.

Greenwashing: Green washing is the process of conveying a false impression or providing misleading information about the environmental performance of a company's actions, products, or services.

Global Real Estate Sustainability Benchmark (GRESB): A global benchmark providing investors with peer-assessed performance ratings of the ESG credentials of real asset funds, considering broad environmental, social and governance criteria.

International Labour Organisation (ILO) Core Conventions: The ILO Conventions cover a wide area of social and labour issues including basic human rights, minimum wages, industrial relations, employment policy, social dialogue, social security and other issues.

INREV Sustainability Guidelines: INREV is the European Association for Investors in Non-Listed Real Estate Vehicles, which is a platform for knowledge sharing, and includes guidelines for sustainability reporting.

ISO 14001: The internationally recognised standard for environmental management systems.

Net Zero Carbon: For operational buildings, net-zero carbon is achieved when the amount of carbon emissions associated with the building's operational energy on an annual basis is zero, or negative. A net-

zero carbon building is highly energy efficient and powered from on-site and/or off-site renewable energy sources, with any remaining carbon balance offset.

United Nations Global Compact: Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. By incorporating the Ten Principles of the UN Global Compact into strategies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success. PATRIZIA aligns its ESG Strategy with the UN Global Compact principles. They can be found here.

UNEP FI Positive Impact Radar: The Impact Radar aims to offer a credible and comprehensive set of impact categories. The radar captures the core elements of the SDGs in a way that is applicable to business. It is anchored in international definitions and standards.

United Nations Principles of Responsible Investment (UN PRI): The UN-backed PRI are in essence a set of global best practices for responsible investment. They reflect the view that environmental, social and governance (ESG) issues increasingly affect the performance of investment portfolios. PATRIZIA is a signatory to UN PRI and reports annually on the principles.

United Nations Sustainable Development Goals: The Sustainable Development Goals (SDGs) are a collection of 17 interlinked global sustainability goals designed to be a blueprint to achieve a better and more sustainable future for all. They were set up by the United Nations General Assembly, and are mostly to be achieved by 2030. They serve as a universal reference for sustainability goals.

Principal Adverse Impacts (on Sustainability Factors): Impacts of investment decisions and advice that result in negative effects on sustainability factors.

Task Force on Climate-related Financial Disclosures (TCFD): Created by the Financial Stability Board to improve, standardise, and increase reporting of climate-related financial information.

Waste Hierarchy: The "waste hierarchy" ranks waste management options according to what is best for the environment. It gives top priority to preventing waste in the first place. When waste is created, it gives priority to preparing it for re-use, then recycling, then recovery, and last of all disposal.