

EMPIRA Group
-
ESG & Sustainability Strategy



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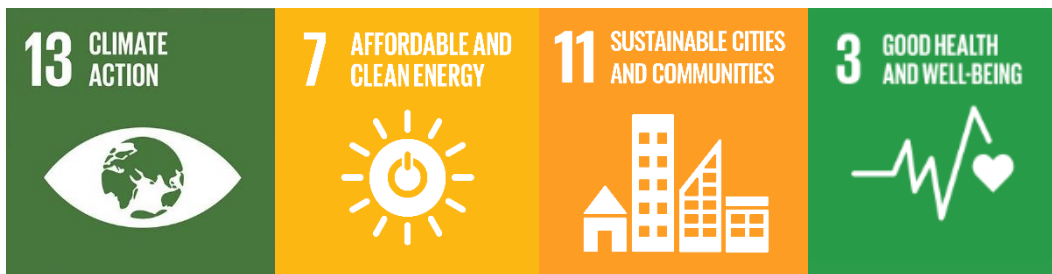
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Disclaimer

1 General ESG guidelines

EMPIRA has been integrating ESG considerations into its decision-making process since inception with the distinct goal to develop and manage economically, ecologically and socially sustainable properties. As a leading investment manager in the DACH region, Empira sees itself as having a responsibility to all its stakeholders to define a detailed ESG concept, to implement effective measures and to carrying them out with the utmost dedication.

We are committed to the UN Principles of Responsible Investment (PRI) and support the UN Sustainable Development Goals (SDGs), in accordance with the 2030 Agenda, through all its development projects. A particular focus is given to Climate Action (SDG 13), Good Health and Well-Being (SDG 3), Affordable and Clean Energy (SDG 7) and Creating Sustainable Cities and Communities (SDG 11).



Furthermore, we are benchmarking our ESG endeavours by participating in annual GRESB ratings for our funds and by using KfW loans. KfW Development Bank cooperates closely with EU institutions on behalf of the German Federal Government to further increase the effectiveness of European development cooperation (DC). This includes not only cooperation with the EU Commission, but also coordination with other European development organisations. KfW is creating prospects – worldwide, by building up functioning infrastructure, alleviating poverty and hunger, providing access to education and health care, protecting the oceans, finding alternatives to plastic, supporting the energy transition, exports and entrepreneurship with equal opportunity for all - so that we and our planet have a future. Furthermore, we test all our assets for stranding risks developed by the Carbon Reduction Real Estate Monitor (“CRREM-Pathway”), and we seek external approval through green building certificates for our developments and standing assets.



Some initial initiatives and developments in line with responsible usage of our commitments are:

- **All** our new developments meet or exceed the energy efficiency targets of the “Nearly Zero Energy Building” criteria defined by EU-taxonomy and energy efficiency directives
- At least **60%** of the investments are brownfield conversions - greenfield investments are made only in inner city areas and according to our biodiversity strategy
- At least **90%** of the investments are based on strict ESG characteristics further outlined below
- Development of childcare facilities for at least **5%** of all residential units in every investment
- Uplifting the liveability of the surrounding districts through integrated mobility plans

Notable contributions to date	
✓ 3,014 Housing Units	
	Contributing to meeting the urgent need for housing in German cities and reducing resources used
✓ 207,662 sqm residential space	
	Supporting the modernisation of the housing stock in Germany, which is severely outdated by European standards
✓ 214 Day-care Spots	
	9% of overall portfolio is reserved for day-care centres / pre-schools / home-based daycare
✓ 193 Subsidised units	
	12% of all residential units have capped rents and are reserved for low-income residents, hence limiting gentrification
✓ 43% Accessible units	
	Barrier-free apartments enabling people with disabilities and seniors to live independently
✓ 200 Charging stations	
	Installing hollow tubes intended to be equipped as charging infrastructure for electric vehicles

2 Specific goals and objectives

EMPIRA is also strongly committed to the United Nations Framework Convention on Climate Change (UNFCCC) - limiting global warming to well below 2,0°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1,5°C above pre-industrial levels. To achieve this goal, we intend to develop highly energy and heating-efficient properties by implementing a variety of different methods and strategies. Such include:

CO2 reductions in retrofit	
Ambition	Target
Procurement of green energy for general electricity	100%
Establishment of green lease clauses for commercial tenants	80% of all new commercial lease contracts
Alignment with Decarbonization CRREM Pathways	No stranded assets on a 2045 timeframe for the complete portfolio
CO2 reductions in new developments	
Ambition	Target
CRREM Pathway alignment	At least 10% below 2,0°C Pathway – targeting 1,5°C Pathway
Procurement of green energy for general electricity	100%
Significant amount of below Nearly Zero Energy Buildings (NZEB)	Min. 50% of investments at least 10% below national NZEB standard
Affordable housing	
Ambition	Target
Targeted investments into developments with partially rent-controlled apartments	At least 5% of the total apartment number with a balanced split throughout the property. This number can increase up to 40% for individual developments.

Improving the quality of life	
Ambition	Target
Provision of day-care centres for the tenants and neighbourhoods	Min. 5,0% of residential units reserved for day-care places
selection of investment locations based on sustainable mobility links, such as public transport, local connections, parks or other recreational opportunities	For 100% of the investments, these green infrastructures can be reached within a ten-minute walk
Life-Cycle Assessment (LCA)	
Ambition	Target
LCAs and LCCs are part of the standards Green Labelling process and are being produced during the green building audits	No time- fixed absolute number defined, rather in line with a minimum Silver DGNB Rating for new developments

Our goal is to develop a net- zero carbon residential portfolio. In addition to procuring 100% green energy for the general electricity, we assure that all our developments have on-site renewable energy and energy-saving technology installed, in line with UN sustainability development goal 7 – providing affordable and green energy.

For all of the new investments, we will use the tenant communication app “**Casavi**” to improve awareness on our future tenants' side to save energy and water. We are also committed to fully digitalizing our properties (multi-metering), efficiency evaluations and asset management.

3 Our social impact

One of the most pressing social issues in Germany is structural undersupply of housing, The German government has recently published that in 2022 only 200,000 new apartments had been built, roughly half of the Government's target of 400,000 additions per annum.

By 2025, studies have concluded, the shortage of available lettable space will have increased to more than 700,000 apartments. To this end, EMPIRA has developed or is currently developing over 10,000 multi-family residential units to help address this issue. This scarcity of especially affordable housing is further increased by an influx of migrants into the German labor markets, which has been accelerated by the outbreak of the Ukrainian war. In 2022 alone, Germany's population increased by over 1.1m taking the population to 84.3m, the highest ever recorded.

As part of our social impact strategy, we actively seek to improve the highly problematic situation of social and affordable housing in Germany. Between 2006 and 2019 the number of rent-controlled apartments decreased from 2.1 million to 1.1 million.

At EMPIRA, more than 12% of our developed residential portfolio, equaling more than 750 units, is reserved for low-income and vulnerable groups, including the provision of rent-controlled apartments in Germany's top 7 locations. In certain locations, such as Munich, our developments provide for up to 40% of rent-controlled apartments.

This demonstrates our commitment to assuring frictionless access to educational facilities for our stakeholders from the provision of day care support for single parent households to easy access to university campuses.

In addition to its adherence to global sustainability organisations, the firm assesses, designs, and operates its activities to comply with all relevant national legislation relating to the environment. It is dedicated to contributing to a long-term sustainable environment and reducing the potential negative impact its business might have.

We care deeply about positively impacting one of the most pressing social challenges for middle- and low-income families in Germany, the lack of available nursery school places, especially in metropolitan areas. Recent studies have shown that Germany still lacks more than 300,000 nursery school places, with waiting lists of up to three years. EMPIRA has currently developed or is developing over 1,200 daycare and nursery spaces making us one

of the largest private developers of childcare facilities in Germany. For the existing developments of the fund, additional nursery school places are being developed and are targeting those most in need.

We strive to improve the quality of life of our tenants and the surrounding neighborhoods by incorporating integrated mobility concepts and communal areas, which can be freely accessed, in our planning. This increases social interaction, and it improves social integration of minority groups.

We are transforming uninhabitable industrial brownfields in areas of significant housing shortage into vibrant neighborhoods.

This is continuously measured and benchmarked, both through third party building certifications and by our participation in green ratings for our funds, such as GRESB.

Please find more under: <https://www.empira-invest.com/en/>

4 Governance aspects

The firm is committed to engaging and consulting with local authorities and communities in line with relevant local regulations and legislation to ensure the social sustainability of its properties and any development projects it undertakes.

As EMPIRA develops its portfolio, it continually updates and improves its approach to social matters by performing periodic, systematic internal audits and using the results as a basis for planning continual improvements of the firm's performance.

EMPIRA has built its business and reputation through a consistent track record of acting with integrity, accountability, and responsibility towards all relevant stakeholders, including investors, employees, tenants, potential sellers, potential buyers, other business partners, government authorities and the community at large.

The firm operates according to a framework of policies and operating procedures to (i) facilitate efficient and consistent operations across EMPIRA and (ii) mitigate the risk of actions by the firm, the firm's employees or the firm's business partners that would cause the firm to lose the trust of its stakeholders.

Governance policies rely on guidelines issued by the OECD corporate governance guidelines, INREV guidelines, and generally accepted best practices for good corporate management.

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