



## **EMPIRA PROPERTY & DEVELOPMENTS**

*ESG-GUIDELINE ON THE INVESTMENT-,  
MONITORING- AND DIVESTMENT-PROCESS*



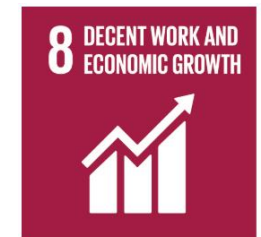
## Non-financial investment objective(s)

*The Empira Group bases its holistic actions on the principles of the UN PRI and the UN Sustainable Development Goals*

**As a signatory of the UN PRI, Empira has committed itself to the following non-financial goals**

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

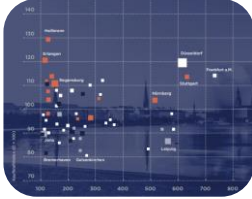
**Six UN Sustainable Development Goals of great importance for EMPIRA and for the EEOT 7 investment strategy**




# ESG Investing Research

*Dedicated Research capacities*



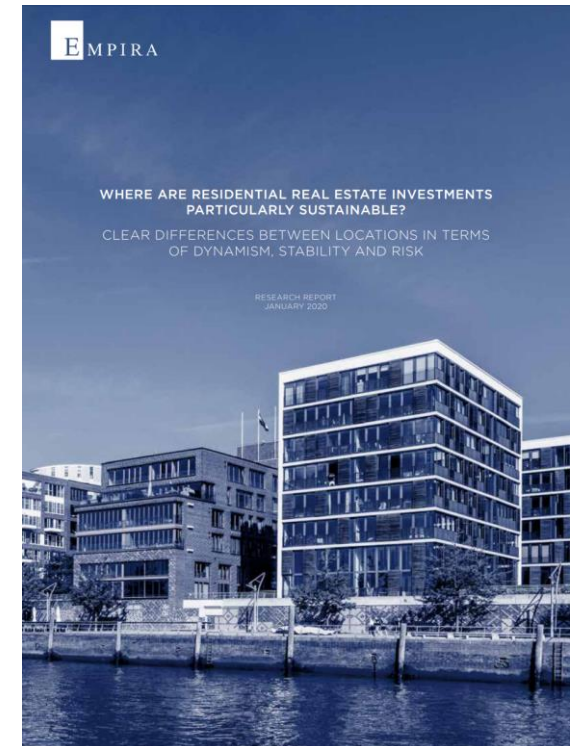


**Prof. Dr. Steffen Metzner**  
MRICS  
Real Estate Economist

- Universität Leipzig
- RES Consult GmbH
- AFIAA Anlagestiftung

The Empira Group has the ability to conduct its own targeted research initiatives and will use these skills to deepen its own understanding of the intersections between the real estate industry, society, the environment and responsible corporate governance.



EMPIRA (2019), Where are Residential Real Estate Investments Particularly sustainable?



# Construction of the Universe

## Investment Opportunities

### Applied ESG criteria (negative screening),

i.e., the following real estate / real estate property developments are excluded;

- Real estate and property developments which are in connection with the extraction of fossil energy sources (including filling stations and coal-fired power stations) and nuclear energy
- Real estate and property developments which are already encumbered (including contaminated land with contaminated sites, buildings with contaminated construction material (asbestos etc.))
- Possible tenants or possible contractors that are connected with violations of human and labor rights will not be considered
- Possible tenants for the commercial property which are related to gambling and pornography will not be considered

### Applied acquisition profile,

i.e., the following parameters form the basic structure of the investment strategy;

- **Geographic markets;** Germany, A-cities (incl. metropolitan areas), B-cities, state capitals, university cities, cities > 200,000 inhabitants, Austria
- **Micro-locations;** preferred central locations, CBD, sound infrastructure, positive population trend, aspiring locations
- **Type of property;** residential, office, retail, retail parks, light industrial, business premises
- **Other;** full ownership, asset and share deal possible, takeover of loans possible

# Investment Decision

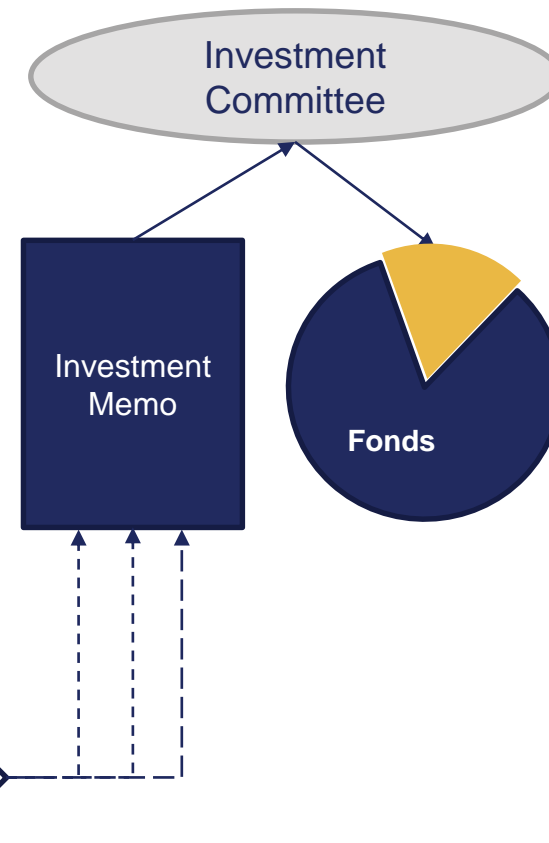
*EMPIRA implements a rigorous investment decision process in which ESG factors contribute to the decision-making process*

## Envisaged ESG integration,

i.e., the following topics will be assessed and considered within the investment decision / due diligence process;

- **Environmental;**
  - property within a safe and secure area (natural hazards such as earthquake hazards, flooding)
  - avoiding of exposure to radiation / electro smog / radon concentration
  - reduction of CO2 emission by consideration of mobility offers (car sharing, bicycle offers, electro scooters)
  - enhanced waste-management in the construction and during leasing (composting, waste, recycling)
- **Social;**
  - basic services (schools, childcare) in the neighborhood
  - sufficient shopping facilities for daily supply
  - accessibility/connection to public transport
  - State of the art indoor air supply (solvent emissions, air pollution with nitrogen oxides and fine dust)
  - local recreation facilities nearby
  - reduction of noise pollution
  - access to medical care/hospitals
- **Governance;**
  - strict compliance with the decision-making powers of the bodies involved in the investment decision
  - assessing the organizational setup of the investment structure
  - review of the compliance structure of the parties involved
  - review of existing reporting and incident management processes of the parties involved
  - review and implementation of processes and structures that promote good corporate governance

**Due Diligence-Workstream** (Commercial, Technical, Legal & Tax Due Diligence Reports)



# On-going Monitoring

*In addition to real estate issues, the quarterly monitoring cycle also focuses on ESG issues*

## Reporting

Empira implemented a proactive monitoring and reporting approach as part of its investment strategy. This forms the basis for reporting to the investors of the funds.

## Commercial Assessment

Concerning real estate monitoring, the **entire investment- & construction progress** and **the tenant structure is monitored and reported to respective committee parties**. In the event of deviations from the business plan or if the **underlying business of tenants** changes, appropriate measures will be elaborated and if needed enforced.

## ESG Assessment

Regarding ESG reporting: **qualitative issues relating to the real estate, the property development and the tenant structure**, on the basis of environmental, social and governance, are monitored. If **critical situations arise** in which a part of ESG is negatively affected, the investment committee will be informed and will seek appropriate measures to rebalance the interdependencies between the property development and the ESG dimensions.

