

## **Information pursuant to Art 3 and 4 Regulation (EU) 2019/2088 on policies for addressing sustainability risks and on the principal adverse impacts of investment decisions on sustainability factors**

The following describes the most substantial material adverse impacts of investment decisions on sustainability factors in the view of ERSTE Immobilien KAG.

Our sustainable investment approach is based on the United Nations Principles for Responsible Investment (PRI), which Erste Asset Management GmbH (EAM) as the majority shareholder of ERSTE Immobilien KAG has signed and to which ERSTE Immobilien KAG also adheres.

1. ERSTE Immobilien KAG will incorporate ESG issues into investment analysis and decision-making processes.
2. ERSTE Immobilien KAG will be an active owner and incorporate ESG issues into its ownership policies and practices.
3. ERSTE Immobilien KAG will seek appropriate disclosure on ESG issues by the entities/funds in which it invests.
4. ERSTE Immobilien KAG will promote acceptance and implementation of the Principles within the real estate investment industry.
5. ERSTE Immobilien KAG will work with its peers to enhance its and their effectiveness in implementing the Principles.
6. ERSTE Immobilien KAG will report on its activities and progress towards implementing the Principles.

Our product strategy places a particular focus on the consideration of sustainability risks in investment decision processes. When introducing new products and improving existing products, we clearly prefer those investment strategies that conform with this strategic orientation.

To determine the manner in which sustainability risks are taken into account in investment decisions, ERSTE Immobilien KAG has first identified the relevant sustainability risks. Next, the identified risks were “translated” into the existing risk categories and measured and evaluated at this time.

ERSTE Immobilien KAG has identified the following relevant sustainability risks:

- Environmental risks relating to mitigating the effects of climate change, adaptation to climate change and the transition to a lower-carbon economy, and natural disasters. This includes physical risks (damage to buildings, higher operating costs due to possible carbon taxes).
- Social risks relating to working and safety conditions and compliance with recognised labour standards, respecting human rights, and production safety.
- Governance risks relating to the due diligence obligations of corporate managers, measures for fighting bribery and corruption, and compliance with the pertinent laws and regulations.

Especially in the context of advancing climate change and the resulting global warming and increased frequency of natural disasters (such as floods) and in light of the probable raising of carbon taxes, suitable measures (such as the refurbishment or replacement of technical building systems/switch to environmentally friendly systems, climate-related modifications such as improved building insulation, adiabatic cooling, flood protection, photovoltaic systems, etc.) are implemented on an ongoing basis to mitigate the sustainability risks affecting the properties held by the real estate fund while protecting the interests of the holders of units in the real estate fund.

ERSTE Immobilien KAG also pays particular attention to sustainability principles in its proprietary investments. Experts from the EAM ESG team are involved in making investment decisions for the proprietary portfolio.

ERSTE Immobilien KAG has drawn up procedures for taking the principal adverse impacts into account in its proprietary investments and has developed policies for fulfilling its due diligence obligations relating to the adverse impacts of investment decisions on sustainability factors.

This due diligence procedure consists primarily of

- the regular review of quantitative requirements and limits in risk management using
  - positive lists and/or
  - negative lists

- additional supporting (quantitative) evaluations in risk management for verifying the plausibility of assumptions and further (relevant) information for management
- the review of the processes and documentation as part of the regular OP risk, ICS, and compliance audits

Procedures for taking the relevant financial and sustainability risks into account have been integrated into ERSTE Immobilien KAG's processes.

#### Information about the policies on the identification and prioritisation of principal adverse sustainability impacts and indicators

ERSTE Immobilien KAG makes use of an **ESG toolbox** to address and consider various sustainability impacts and sustainability indicators.

The properties are evaluated for their social components, environmental compatibility, and economic efficiency during an audit procedure. General suitability for the funds is assessed here. The integration and associated reduction of ESG risks in the property selection process improves the risk profile of the respective real estate fund through the lower weighting of non-sustainable or less sustainable properties in the portfolio and also ensures that the real estate fund makes an active contribution to the reduction of social and environmental problems. One example is a typically better carbon footprint.

All properties purchased for the real estate funds in the past are also subjected to this assessment. Portfolio properties are refurbished to reduce ESG risks, taking the interests of the investors into account. The goal here is especially to reduce carbon emissions from the buildings in question.

The improved risk-adjusted return opportunities that result from integrating ESG risks into investment decisions have been confirmed by a large number of scientific studies.

The ERSTE Immobilien KAG ESG toolbox addresses the following criteria:

#### **Tenant screening (can generally be applied to all products but with different focuses)**

Tenant screening assesses potential tenants for their conformity with certain international standards so as to manage and limit sustainability risks in the portfolio.

#### **Use type (can generally be applied to all products but with different focuses)**

The long-term use of the property is a precondition for purchase in the interests of preserving value over the long term and generating sustainable returns. Thus, properties such as industrial plants and warehouses are not purchased for the funds.

#### **Sustainability rating (can generally be applied to all products but with different focuses)**

All properties are assigned a sustainability rating. This sustainability rating is determined through a procedure that assesses the performance of real estate projects and properties in terms of specific environmental, social, and economic sustainability criteria. The goal of the sustainability rating is to achieve improvements in social, environmental, and economic aspects of the property and to increase the transparency of the property. This also allows the sustainability commitment of properties to be improved and their risks in this area to be assessed more accurately.

## **Klimaaktiv certification (only applies to ERSTE RESPONSIBLE IMMOBILIENFONDS)**

Klimaaktiv climate protection certification for building and renovation projects stands for energy efficiency, environmental quality, comfort, and excellent workmanship. The klimaaktiv building standard was developed to make the quality of a building measurable and comparable. It distinguishes buildings that meet especially high requirements. The assessment categories are defined in the klimaaktiv criteria catalogue. ERSTE Immobilien KAG has drawn up its own criteria catalogue as a supplement to the basic klimaaktiv criteria. In addition to the fundamental technical and legal purchase criteria, this sustainability catalogue is an important basis for selecting real estate investments. Buildings and projects should generally meet the basic klimaaktiv criteria.

Further information on the sustainability catalogue can be found under "Sustainability" on the Management Company's website <https://www.ersteimmobilien.at/>.

## **Austrian Ecolabel**

ERSTE RESPONSIBLE IMMOBILIENFONDS has attained certification according to the current financial market sustainability standards such as the Austrian Ecolabel. This independent external assessment and confirmation ensures compliance with prescribed sustainability requirements for a fund in the category of "financial products".

## **Legal notice**

This document is an advertisement. Unless indicated otherwise, the source of the data is ERSTE Immobilien Kapitalanlagegesellschaft m.b.H. Our languages of communication are German and English. The "Prospectus and Information for Investors pursuant to § 21 AIFMG" (prospectus) and the key investor information/KID of ERSTE Immobilien KAG are prepared according to the provisions of the Alternative Investment Fund Manager Act (AIFMG) Federal Law Gazette I No. 135/2013 in conjunction with the ImmoInvFG Federal Law Gazette I. No. 80/2003 as amended and are published in *Amtsblatt zur Wiener Zeitung* and on the website of ERSTE Immobilien KAG ([www.ersteimmobilien.at](http://www.ersteimmobilien.at)). The currently valid versions of the prospectus and the key investor information/KID can be found on the website [www.ersteimmobilien.at](http://www.ersteimmobilien.at) and can be obtained free of charge by interested investors at the offices of ERSTE Immobilien KAG (the Management Company, AIFM) and at the offices of Erste Group Bank AG (depository bank or depository). The exact date of the most recent publication of the prospectus, the languages in which it is available, and any other locations where the documents can be obtained are specified on the website [www.ersteimmobilien.at](http://www.ersteimmobilien.at). This document serves as additional information for our investors and is based on the knowledge of the staff responsible for preparing it at the time of preparation. Our analyses and conclusions are of a general nature and do not take into account the individual needs of our investors with regard to earnings, tax situation or risk acceptance. Past performance is not a reliable indicator of the future performance of a fund. Please note that an investment in securities offers the opportunities described herein but also involves risks. Subject to printing and other errors. ERSTE Immobilien Kapitalanlagegesellschaft m.b.H., Am Belvedere 1, A-1100 Vienna