

ESG AND SOCIAL RESPONSIBILITY POLICY AND GUIDELINES

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ESG and Social Responsibility Policy of Investire SGR

Purposes and premises

This ESG policy ("The Policy") aims to represent the path of evolution and innovation in the ESG field by Investire SGR, as a qualified entity for the management of real estate products that may be characterized by a strong orientation towards sustainability and social and environmental responsibility.

In this regard, the Policy sets out the guidelines that Investire SGR intends to pursue on environmental, social and governance issues, in addition to those already provided for in the Code of Ethics; it declines its application in all management processes, also with the help of guidelines developed in accordance with current regulations (primarily the EU Regulation 2088/2019), inspired by the principles of responsible investment ("PRI") and the Sustainable Development Goals ("SDGs") promoted by the United Nations, as well as the best practices in the sector.

The Policy commits Investire SGR to assessing Sustainability Risks, with a view to creating a solid and growing future economic value in the interest of its investors and stakeholders, considering the negative impact that would have on the value of the investment upon the occurrence of an event or condition of environmental, social or governance type.

With the application of the Policy, Investire SGR intends to strengthen its leadership in sustainable investments with social impact, a sector in which the funds reserved for institutional investors and dedicated to social housing, senior living, assisted health care residences and student housing, already represent a significant and strategic fee of assets under management.

In particular, Investire SGR has set as an objective the measurement of the negative effects of its investments on sustainability, i.e. controversial uses, energy efficiency of buildings and the use of natural resources related to the development and management of real estate properties owned by the funds: the understanding and measurement of these aspects, through the implementation of the fund risk model with the inclusion of Sustainability Risk, will therefore represent for Investire SGR a primary objective in the management of its real estate funds.

Definitions

- ESG factors and elements of sustainability: all issues related to the management of aspects of an environmental nature, social relevance, good governance and respect for human rights that can guide investments and condition their value or can influence, more generally, business processes.

- Sustainable investments: Investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators concerning energy use, use of renewable energy, use of raw materials and water resources and land use, waste generation, greenhouse gas emissions, as well as impact on biodiversity and the circular economy or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to the fight against inequality or that promotes social cohesion, social integration and industrial relations, or an investment in human capital or in economically or socially disadvantaged communities provided that such investments do not significantly harm any of these objectives and that the companies benefiting from such investments comply with good governance practices, especially with regard to sound management structures, staff relations, staff remuneration and compliance with tax obligations.
- Sustainability Risk: an environmental, social or governance event or condition that, if it occurs, could cause a significant actual or potential negative impact on the value of the investment.

Areas of ESG engagement

With the above conditions, Investire SGR works to ensure that in the processes of business management and investment decisions, management and development of real estate portfolios of certain funds, sustainable objectives are pursued such as:

- promoting the well-being of people and communities, ensuring inclusiveness and equal opportunities, which are fundamental aspects to contribute to the prosperity of the economic and social system, involving all stakeholders;
- urban regeneration through an increasing integration of assets with the surrounding context, considering the characteristics and intended use, trying to promote positive effects in terms of environmental liveability, social interaction, growth of the economic fabric;
- energy efficiency, through the evaluation of the potential for improvement of the assets in the portfolio and a continuous implementation of technologies and methods aimed at containing and analytically measuring energy consumption;
- containment of the carbon footprint in relation to direct and indirect greenhouse gas emissions associated with the company's activities and the assets in its portfolio;
- efficiency in the use of natural resources, primarily water;

- application of the principles of circularity of materials in all phases of development and management of buildings, with particular reference to their reduction, recycling and reuse.

How the Policy is implemented

The commitments undertaken with this Policy are pursued through specific management guidelines integrated into company procedures and practices. These guidelines concern the scope and methods for assessing ESG risks, the pursuit of defined and measurable objectives through the application and sharing of good practices aimed at reducing environmental impacts, as well as the generation of value to meet the needs and expectations not only of investors, but of all stakeholders.

In promoting and achieving the commitments made, Investire SGR also promotes the active involvement of all stakeholders: tenants, suppliers and contractors, employees and collaborators of the SGR. The Policy applies to all existing funds and newly established funds, with a level of implementation commensurate with the investment objectives of each fund and the characteristics of the portfolio.

Investire SGR also undertakes to monitor ESG data and information and to communicate to stakeholders the progress achieved in the implementation of the Policy, periodically updating the corporate reporting and the specific reporting of each fund, also in line with recent European regulations on the transparency of sustainability impacts and with the main international standards.

In order to best manage sustainability issues, both at the corporate level and at the level of the AIFs managed, Investire SGR has adopted appropriate internal organizational controls that include:

- a control at the level of Corporate Bodies. In particular, the Board of Directors has the task of identifying the objectives and strategies of the SGR, considering, among other things, the sustainable finance objectives, and particularly the integration of environmental, social and governance (ESG) factors in the processes relating to corporate decisions. Furthermore, the Risk Control and Conflicts of Interest Committee, an internal body, is competent to issue opinions on the policies and guidelines on sustainability developed by the ESG Committee with a view to integrating sustainability into business processes, to ensure the creation of sustainable value over time in a medium/long-term horizon for shareholders and all other stakeholders;

- a corporate body consisting of the ESG Committee, composed of the Director and Joint General Director, as well as the heads of Asset & Sustainability Management, Corporate Finance & Planning, Risk Management, Design & Construction, Human Resources, Fund Management Residential & Social Infrastructure, Compliance functions. This ESG Committee is primarily responsible for monitoring the evolution of ESG issues and assessing their relevance and impacts on the company's activities, verifying the progress of the implementation plan of the management guidelines set out in the ESG Policy;
- an internal ESG Team coordinated by the Head of the Asset & Sustainability Management function and composed of interdisciplinary figures belonging to the staff and business functions most involved in the management/development of the AIFs and who support the organization across the board (Fund Manager, Asset Manager, Energy Manager, Project Manager). The ESG Team is responsible for coordinating the implementation of ESG aspects in corporate processes, as well as implementing specific projects and managing reporting and benchmarking systems such as GRESB;
- Head of the Asset & Sustainability Management function, with the task of overseeing the implementation of sustainability issues in the management of the AIFs and in corporate processes.

Furthermore, at least annually, training on ESG issues is carried out for both company personnel and Corporate Bodies (induction session for the Board of Directors and the Board of Statutory Auditors).

Finally, the Risk Management Function, present in the ESG Committee, carries out continuous monitoring with respect to the sustainability risk profiles, at the level of each AIF.

Guidelines for the Integration of ESG Factors in Real Estate asset management

In the context of the plurality of funds that SGR manages, having diversified investment strategies and destinations of use of the real estate assets, the processes of acquisition, management and requalification must take into account the following aspects/assessments:

Acquisition of new real estate assets

- integration of the areas of investigation of technical, environmental and legal due diligence with ESG issues, orienting them towards the identification and assessment of related risks, and the definition of opportunities for improvement and enhancement, through specific sustainability checklists;

- giving priority to the acquisition of properties with high and certifiable energy efficiency performance, or for which it is possible to enhance these aspects over a defined time horizon, compatibly with the purposes and extent of the investment;
- exclusion of investments on real estate and/or development operations related to economic activities considered controversial or energy intensive production activities (e.g. production of armaments and/or intensive industrial activities such as paper mills, tanneries, etc.), except for cases in which the subsequent reconversion/revaluation is foreseen with the objective of achieving high and certifiable energy efficiency performances in a defined timeframe;
- prior to the investment in land subject to development, carrying out environmental due diligence to verify the presence of any polluting elements and, based on the level of environmental risk, upon completion of the investment, proceed with the related remediation;
- in the case of the acquisition of units of UCITS, integration of the areas of investigation of due diligence to the governance aspects, policies and ESG practices of the manager.

Management and redevelopment of portfolio assets

- provide for the periodic technical assessment aimed at identifying the potential for environmental enhancement;
- based on the results of the assessments and a cost-benefit analysis, plan specific plant, structural and managerial interventions aimed at:
 - to improve energy efficiency or installing renewable energy production systems directly in buildings,
 - to the containment of the consumption and recovery of water resources,
 - to more effective and efficient waste management,

also to evaluate the possible achievement of certification of real estate assets according to international standards of sustainability (es. LEED®, BREEAM®, WELL®);

- evaluate the supply of electricity from renewable sources for all portions of the properties directly managed by the fund;
- set up an environmental impact data monitoring system that includes at least energy and water consumption and waste generation, and structure the related data collection processes;



- exclusion of tenants who carry out production or marketing activities, or whose activities are linked to:
 - weapons identified and banned by international treaties and conventions,
 - pornography and prostitution,
 - substances prohibited in the jurisdiction where the property is located,
 - endangered or protected wildlife.

Managing relationships with counterparts and the community

- integrate lease agreements by including specific clauses for reporting useful data and information on environmental impacts and assets;
- integrate property management contracts by including the supplier's commitment to support the implementation of the SGR's ESG guidelines and specific clauses for the collection of data and information useful for reporting on the environmental and/or social impacts of properties;
- provide periodic surveys to assess tenant satisfaction with aspects of service quality, health and well-being;
- develop and implement actions and initiatives in response to any critical points or opportunities for improvement in property management, including through the promotion of new services to users;
- promote the integration of buildings with the surrounding context, considering their intended use, also playing in this sense a function of collective interest in generating positive effects from the socio-economic point of view.

Transparency and communication of ESG factors

Consistently with what has been described above, the SGR, for the purposes of correct transparency and greater effectiveness in communication with the main stakeholders:

- evaluates for funds participation in GRESB (or similar) assessment for portfolio assets and development projects to periodically monitor progress;
- evaluates for social housing funds the participation in the social rating of the Fondo Investimenti per l'Abitare promoted by CDPI SGR;
- provides for the integration of ESG aspects within the disclosure made in the Management Report of the fund, also in accordance with EU Regulation 2088/2019;

- provides, starting in 2022, the drafting of a special sustainability report for the SGR.

Moreover, from the point of view of transparency, it provides:

- publication on Investire SGR's website of policies on the integration of Sustainability Risks in investment decision-making processes;
- publication on the Investire SGR website of the disclosure of transparency on sustainability issues; this disclosure is periodically reviewed and updated;
- integration of sustainability risks in the remuneration policy;
- the updating of pre-contractual information documents (offering memorandum, KID) for fund investors, through the integration of Sustainability Risks;
- the publication on the Investire website, for the AIFs classified pursuant to art. 8/9 SFDR, of the information pursuant to art. 10 SFDR.

Furthermore, the communication relating to the "Disclosure on transparency on sustainability issues pursuant to articles 3, 4, 5 SFDR" indicates the approach taken by the SGR in relation to the consideration of the negative effects of investment decisions on sustainability factors – "PAI" – pursuant to art. 4 SFDR, both at the level of the FIA (adopting the "comply" approach for funds pursuant to art. 8 and/or 9 SFDR) and of the SGR itself (adopting the "explain" approach).

It is also represented that, within the "Disclosure on sustainability pursuant to articles 8 and 11 SFDR" present in the Periodic Management Reports of funds that promote environmental and/or social factors, specific evidence of the PAI is provided, with particular reference to the PAI identified for investments in the real estate sector, between "mandatory" (fossil fuels, energy efficiency) and optional (land artificialisation).

Finally, in relation to the provisions of the "Guidelines on the use of environmental, social and governance or sustainability-related terms in fund names" published by ESMA on 21 August 2024 (the "Guidelines"), which aim to specify the circumstances in which the names of AIFs that use terms relating to the environmental, social or governance dimension or sustainability may be incorrect, unclear or misleading, it is specified that the SGR carries out a preventive check on the name of each AIF, in order to ensure compliance with the Guidelines.

Guidelines for Integrating ESG Factors into Real Estate development activities

In the investment planning and design phase:

- exclusion of real estate development investments in protected areas or areas with high natural and biodiversity value;
- consider good environmental and social practices promoted by international standards (es, LEED®, BREEAM® e WELL®) and consider obtaining certifications consistent with the scope and scale of the investment;
- privilege in the choice of sites the brown-field approach and the insertion of the intervention in a context of urban regeneration, always considering the environmental and territorial impacts related to the location;
- evaluate the economic and social impact, respecting both the context of reference and the urban and historical value, also through the involvement and direct listening of local communities;
- comply with the energy efficiency criteria for nZEB buildings (nearly Zero Energy Building) evaluating the installation of systems to produce energy from renewable sources;
- evaluate the eco-compatibility of materials used in construction using LCA (Life Cycle Assessment) methodologies and/or EPD (environmental product certifications);
- consider the needs of future tenants and ensure adequate standards of safety and well-being, in relation, for example, to shared services, accessibility of spaces and mobility, depending on the allocated uses;
- commitment to control activities so that:
 - materials that do not comply with the regulations are not used,
 - the project includes specific interventions aimed at avoiding high uses of water and energy throughout the useful life of the property.

In the selection of suppliers and contractors:

- expand the ESG disclosure required at the time of qualification for inclusion of companies in the supplier register;
- include ESG award specifications in the award of contracts, which are awarded based on the most economically advantageous tender.

In the management of the construction site for new construction or renovation activities:

- promote best practices and define minimum construction site management requirements, for example in waste management, material handling, noise pollution, worker safety, engaging in control activities to ensure that the relevant environmental legal requirements are not violated;
- provide a system of periodic internal or external controls on construction sites to verify compliance with ESG criteria as well.