



Sustainability Policy (ESG Policy)

April 2022

aam2core Holding AG

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Company	Name	Function	Date
aam2core Holding AG	Stefan de Greiff	Board of directors	31.03.2022
aam2core Holding AG	Prof. Dr Nico B. Rottke	Board of directors	31.03.2022
aam2core Holding AG	Michael Schleich	Board of directors	31.03.2022

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TABLE OF CONTENTS

1	INTRODUCTION	4
2	ESG IN TRANSACTION	5
3	ESG IN ASSET MANAGEMENT	6
4	ESG IN PROJECT DEVELOPMENT	7
5	CONCLUSIONS	9
6	INCEPTION AND MAINTENANCE OF THE DIRECTIVE	9

1 INTRODUCTION

aam2core Holding AG is an investment and asset manager focused on the real estate industry in Germany and the DACH region. With comprehensive expertise in operational and technical real estate, our core competence area is active asset management.

Our portfolio comprises residential, office and logistics / light industrial asset classes. We optimize returns through active asset management by leveraging value adding potential of properties in the 'core' to 'opportunistic' risk classes.

aam2core Holding AG is committed to achieving its financial targets while defining and implementing high ESG (Environmental/Social/Governance) standards that protect against potential diminished returns as much as possible. aam2core Holding AG's ESG strategy ensures resilience to factors such as increasing regulatory requirements, operating cost volatility, tenant expectations and future buyer criteria. In return, we expect this ESG strategy to improve liquidity, strengthen tenant retention and increase income growth. ESG issues are central to investment and asset management decision-making. Our goal is to improve the sustainability quality of our activities and products continuously.

This policy sets out our ESG commitments. A structured management approach supports the fulfilment of these ESG commitments, based on an integrated environmental management system compliant with ISO 14001 at all levels and in all activities. It follows the continuous improvement process (Plan-Do-Check-Act). Within this framework, we review our ESG requirements continuously, including their targets and progress. In doing so, we regularly identify new and relevant aspects of ESG that affect our company and activities (Plan). Based on these results, we implement new ESG measures consistently (Do) and review implementation continuously (Check) to adjust the ESG measures accordingly (Act).

Our ESG policy is guided by the 10 principles of the UN Global Compact.

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

We are committed to adhering to these principles.

ESG factors are considered in transaction, asset management and project development.

2 ESG IN TRANSACTION

As part of the due diligence process, we consider sustainability criteria - environmental, social and behavioural - when examining properties. In doing so, we examine a large number of the following aspects, taking the asset class into account, to determine possible improvement potentials for the sustainability aspects:

- resilience and adaptive capacity to climate change, including flood risk and protection;
- risks from contaminated sites (soil and groundwater) and building pollutants;
- building services equipment;
- energy and water supply;
- energy certificates and other regulatory risks;
- energy consumption and associated greenhouse gas emissions, as well as opportunities to improve energy efficiency and reduce CO₂ footprint (also to reduce operating costs and increase investment value);
- water consumption and possible uses of rainwater and grey water;
- aspects of the circular economy (especially in new construction and renovation), including material and resource efficiency assessment (incl. estimation of life-cycle greenhouse potential) as well as adaptability, flexibility and dismantling capacity;
- waste generation and waste separation potential;
- indoor environmental quality (consideration of health, safety and well-being of occupants/tenants);
- transport connections and proximity to facilities for daily needs;
- accessibility;
- digitization;
- green spaces and biodiversity;
- for all new purchases, investigation of potential for PV system installation;
- for all purchases, examination of the extent to which rent-reduced spaces can be made available for day care centres or social institutions;
- assessment of any existing tenant occupancy with regard to ethically questionable companies;
- proportion of social/communal areas and/or the potential for their expansion.

In addition, we verify compliance with the EU Taxonomy Regulation ((EU) 2020/852 of the European Parliament and of the Council of June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088) for all purchases.

In this way, we identify strengths and risks from a sustainability perspective from the outset, recognise opportunities for implementation and integrate the resulting recommendations of asset-specific sustainability measures into CAPEX planning.

In addition, we develop exclusion criteria for technologies and practices from which we distance ourselves as a company (e.g. for companies investing in environmentally damaging technologies and/or fossil energies, trading in weapons or violating human rights).

Once acquisition is completed, a structured handover process from the investment team to asset management takes place. The asset management team can then begin to optimise the asset continuously. We support optimization by creating a climate protection plan in line with the Paris Climate Agreement, using the CRREM tool if required.

3 ESG IN ASSET MANAGEMENT

We are committed to designing asset management in such a way that the ESG performance of the assets under management is higher upon sale than upon acquisition. To achieve continuous improvement, we consider the specifics of the properties and options and then integrate the following measures into asset management, either individually or collectively, as appropriate:

- resource consumption recording (energy, water, waste) and optimisation of the meter infrastructure as required;
- climate protection plan development and continuous updates, as well as comparison of building performance with Paris Agreement objectives;
- investigation of further possibilities to optimise resource efficiency (energy, water and waste); CO₂ footprint determination in operations and, if applicable and necessary, implementation of technical structural measures to improve energy efficiency and meet climate protection targets (according to the Paris Agreement, the EU Green Deal and the German government's climate protection plan);
- energy management for energy-efficient building operation;
- use assessment of new technologies for regenerative energy supply (e.g. heat pumps and photovoltaics);
- tenant guide development for the different target groups of our assets to promote sustainable building operations;
- continuous review of ESG activities with tenants and other stakeholders (service providers, neighbours, local communities, etc.) and regular stakeholder analysis to identify the needs of all stakeholders (e.g. through tenant surveys) and align expectations and outcomes;
- ESG training for asset managers;
- implementation of social initiatives in the property's neighbourhood wherever possible;
- measures to improve accessibility (proportion of barrier-free residential units or WCs and parking spaces in commercial properties);
- measures to prevent bribery and corruption or fraud, compliance with fiduciary duties and data protection and privacy;

- sustainability-related asset data included in future quarterly reports;
- development of regular sustainability reporting;
- gradual introduction of "green leases" (especially for commercial tenants);
- conversion to green electricity for common areas wherever possible;
- no leasing to ethically questionable companies;
- creation of social/community spaces or rent-controlled areas for rent to day-care centres or social institutions.

To measure ESG performance, we participate in annual GRESB reporting with parts of our portfolio. This also enables a comparison with market participants from our peer group.

4 ESG IN PROJECT DEVELOPMENT

Sustainability features can be defined and integrated into all phases of development at the beginning of the project development phase for new buildings or major renovations. This guideline sets out measures to be observed in such projects.

- Analysis of social needs at the development site and facilitation of future acceptance of the respective building in the neighbourhood by considering communal aspects during the planning phase;
- Supplier code of conduct development in compliance with the 10 principles of the UN Global Compact (human rights, occupational safety, environmental protection, etc.);
- Investigation of the ecological impact with the help of a life-cycle analysis (LCA);
- Use of sustainable building materials, e.g. with high reuse and/or recycling content, low pollutant content and low CO₂ footprint;
- Sustainable energy concept incl. use of renewable energies;
- Sustainable water concept incl. rainwater and/or greywater utilisation if feasible;
- Compliance with the latest standards for health and well-being in terms of interior and exterior design, materials and building technology;
- Sustainable outdoor facilities concept incl. promotion of biodiversity;
- Sustainable mobility concept incl. creation of necessary infrastructures for bicycles and electric vehicles;
- Sustainable digitalisation concept (e.g. smart meters, digital connectivity, digital building documentation, material passport...);
- Management plan development for a sustainable construction site to minimise environmental impact during the construction phase and limit impact on the surrounding environment;
- Structured handover process to asset management to ensure appropriate consideration of sustainability features for each building in daily operations.
- The future objective will be to comply with the criteria in accordance with Environmental Objective 1 of the Taxonomy Ordinance for new buildings or renovations, as far as this is possible, as summarised below:

New building		
Taxonomy requirement	Category	Requirement
Environmental Goal 1: Climate change mitigation	Technical evaluation criteria	The primary energy demand is at least 10% lower than the requirement value for a Nearly Zero-Energy Building (NZEB).
		Testing of the building for air tightness; disclosure of results
		Thermography testing of the building envelope; disclosure of the results
		The building's life cycle GWP (Global Warming Potential) resulting from construction was calculated for each phase in the life cycle.
Resilience to climate change	"DNSH"* criteria	A robust climate risk and vulnerability assessment identified the physical climate risks (e.g. water scarcity, heat stress, etc.) that are material to the activity.
Sustainable use of water and marine resources	"DNSH"* criteria	Water-saving fittings and water use and conservation management plans
Circular economy	"DNSH"* criteria	At least 70% (by weight) of construction and demolition-related waste is recycled. Project planning and implementation is carried out according to circular economy criteria.
Pollution prevention	"DNSH"* criteria	No asbestos or other hazardous materials (e.g. materials containing VOCs) used. Furthermore, noise, dust and pollutant emissions will be minimised. If contaminated sites are suspected, a corresponding investigation is carried out.
Protection and restoration of biodiversity and ecosystems	"DNSH"* criteria	Undertake an environmental impact assessment and no construction on fertile or ecologically diverse land or forest.

* DNSH = Do No Significant Harm

Renovation		
Taxonomy requirement	Category	Requirement
Environmental Goal 1: Climate change mitigation	Technical evaluation criteria	The renovation/refurbishment leads to a reduction in primary energy demand of at least 30%.
Resilience to climate change	"DNSH"* criteria	A robust climate risk and vulnerability assessment identified the physical climate risks (e.g. water scarcity, heat stress, etc.) that are material to the activity.
Sustainable use of water and marine resources	"DNSH"* criteria	Water-saving fittings and water use and conservation management plans
Circular economy	"DNSH"* criteria	At least 70% (by weight) of construction and demolition-related waste is recycled. Project planning and implementation is carried out according to circular economy criteria.
Pollution prevention	"DNSH"* criteria	No asbestos or other hazardous materials (e.g. materials containing VOCs) used. Furthermore, noise, dust and pollutant emissions will be minimised.
Protection and restoration of biodiversity and ecosystems	"DNSH"* criteria	(no requirement for renovations)

* DNSH = Do No Significant Harm

5 CONCLUSIONS

aam2core Holding AG is committed to integrating the above ESG practices into its business strategy and operations. In doing so, we treat partners and suppliers with respect and integrity to build lasting business relationships based on trust. This policy and the commitments made are reviewed regularly to ensure success.

Our overarching goal is to make a positive contribution to solving societal sustainability issues through our business activities.

6 INCEPTION AND MAINTENANCE OF THE DIRECTIVE

This directive enters into force on 01.04.2022.

It must be reviewed annually or if changes in the legal and/or regulatory framework necessitate such a review.

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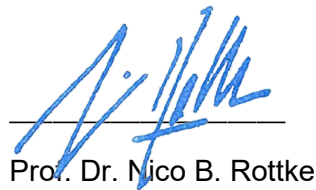


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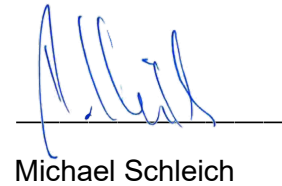
(signatures)



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