

Social Infrastructure Impact Fund

Art.10 - Transparency of sustainable investments

Synthesis

The reserved closed-end Italian real estate alternative investment fund called "Social Infrastructure Impact Fund" ("**SIIF**") set up by Prelios SGR is dedicated to investments in the social infrastructure sector, with a specific focus on the world of so-called "Impact Investing".

The Fund will invest in assets in need of renovation, restoration, maintenance, redevelopment, completion or to be built from scratch (e.g. inclusive living, healthcare, community services, other services that support the real economy and employment).

The Fund pursues the objectives referred to in Regulation EU 2020/852 (the "EU Taxonomy") of the for the classification of sustainable economic Activities by defining the rules for the application of the requirements of Article 9 of Regulation EU 2088/2019 - SFDR.

With the support of the ESG Advisor, taxonomic criteria as well as social KPIs were holistically framed in a scenario that includes four types of investments: greenfield, brownfield, redevelopment of existing properties, core properties. The analysis and selection of sustainability strategies applicable to investments as well as the Impact Goals will be carried out with reference to the UN sustainable development goals ("UN SDGs"), with particular attention to a selection of them.

The Head of Fund Management, with the support of the Chief Sustainability Officer, identifies the ESG objectives in the analysis of the investments of the individual AIF managed and is responsible for the activities of implementation of the relative strategies and monitoring of the results achieved. In order to achieve the ESG objectives, various elements are taken into consideration such as: (i) negative and positive screening processes (ii) minimum percentage invested in assets considered aligned with the EU Taxonomy.

The monitoring activity is carried out by the Fund Management structure with the support of the Asset and Development Management functions, as well as the ESG Advisor, on a six-monthly basis. If this monitoring activity reveals a misalignment of results with respect to the set targets, appropriate corrective action will be identified.

The environmental and social objectives of the SIIF are pursued through a strategy based on specific criteria and tools for identifying, implementing and monitoring them.

Data necessary to assess and monitor the achievement of environmental and/ or social characteristics are collected, either directly or through third parties, during the due diligence process.

The SGR submits every investment opportunity presented to the Board of Directors or the Chief Executive Officer (where applicable) and to the Impact Evaluation Committee to an ESG due diligence, carried out by the Fund Management structure with the support of the ESG Advisor, in which the environmental and social elements characterizing the single investments will be identified and will contribute to the definition of the Impact Objectives.

Do not cause significant harm to sustainable investment objectives

The Fund pursues the objectives of the EU Taxonomy for the classification of sustainable economic activities by defining the rules for the application of the requirements of Article 9 SFDR.

The Fund considers principal adverse impacts on sustainability factors by monitoring the indicators applicable to real estate sector and set out in the related tables 1 and 2 of Delegated Regulation (EU) 1288/2022 ("RTS SFDR"). With particular regard to additional indicators applicable to real estate assets referred in table 2 of RTS SFDR, the Fund commits to consider and monitor at least 2 of those mentioned.

The criteria for investments considered sustainable in accordance with EU Taxonomy and the social KPIs have been included, with the support of the ESG Advisor, in a scenario that provides for four types of investments: so-called "greenfield", so-called "brownfield", redevelopment of existing properties, core properties, declined according to the different investment phase, namely: pre-acquisition phase, construction phase and management phase.

The Fund will conduct analyses of sustainability strategies related to each investment for both negative screening and positive screening aspects, inter alia, with respect to: (i) the search for environmentally friendly opportunities; (ii) the assessment of the environmental performance of suppliers and contractors, as well as the environmental impacts of products and services in the procurement process; (iii) the use of materials, products, construction methods and operating practices that take into account health impacts and reduce the amount of resources used as well as waste, including through the adoption of sustainable and recycled materials and renewable energy; (iv) the protection of the habitat and the environment in order to preserve biodiversity by avoiding the use of toxic substances with a consequent reduction of CO₂ emissions; (v) the achievement, where possible, of voluntary certifications of sustainability. Aspects relating to social sustainability are assessed taking into account the main international and national policies and standards on the subject and, where possible, also in line with the future development of the Social Taxonomy with reference to the following objectives, each of which addresses a different group of stakeholders: (i) decent work, throughout the value chain, (ii) adequate standards of living and well-being, (iii) inclusive and sustainable communities and societies.

A selection of SDGs will be referenced in order to perform the analysis and selection of strategies that best fit the Fund's investments and Impact Goals.

Sustainable investment objective of the financial product

The Fund invests in the social infrastructure sector, in particular, focusing on real estate assets that fall within the world of so-called "Impact Investing".

The Fund, through its investment strategy, will promote investments with sustainable environmental and social objectives, in accordance with Article 9 SFDR.

The Fund will invest in assets in need of renovation, restoration, maintenance, redevelopment, completion or to be built from scratch (e.g. inclusive living, healthcare, community services, other services that support the real economy and employment).

Investment Strategy

The Head of Fund Management, with the support of the Chief Sustainability Officer, identifies the ESG objectives in the analysis of the investments of the individual AIF managed and is responsible for the activities of implementation of the relative strategies and monitoring of the results achieved. In order to achieve the above mentioned objectives, the Asset Management structure supports the Fund

Management structure in identifying and monitoring the main ESG levers for the assets managed. In order to define the alignment of individual investments with the objectives that the Fund pursues, target KPIs (or "Impact Objectives") will be identified for each of the investments.

The Impact Objectives identified for each investment will be defined in coherence with the ESG Guidelines of the Fund, i.e. responsible investment guidelines elaborated by the SGR for the Fund, with the support of the ESG Advisors, within which the strategies and objectives in terms of sustainability, as well as the key performance indicators (KPIs) are declined.

With a view to ESG investment strategies, in order to achieve the sustainable objectives pursued, the Fund adopts the following inclusion and exclusion criteria:

- a negative screening process (sectors, norm based, etc.), also in line with the exclusions of the Paris-aligned Benchmark ("PAB");
- a positive screening process (forecasting target KPIs or Impact Goals, also based on the SDGs);
- the Fund will invest a minimum of 70% in assets considered aligned with the criteria of the EU Taxonomy.

Proportion of investments

The Fund will invest exclusively (i.e. 100%) in properties that are in line with the environmental and social objectives that the Fund intends to pursue. Also, with reference to the component relating to investments that contribute to the pursuit of an environmental objective, at least 70% of same will be dedicated to activities considered aligned with the EU Taxonomy, as foreseen by current legislation, while the remainder (for an amount not exceeding 30%) will be invested in assets not considered aligned with the EU Taxonomy.

Monitoring sustainable investment objectives

The monitoring activity, carried out by the Fund Management structure with the support of the Asset and Development Management functions as well as the ESG Advisor, envisages, in detail, that the social and/or environmental Impact Objectives identified are reported every six months and that the achievement of the targets set is verified at least one year after the start of the activities in the asset in question on the basis of the metrics identified during the investment phase. If this verification activity reveals a misalignment of the results with respect to the set targets, corrective actions will be identified to allow for this, with a view to pursuing the Impact Objectives.

In particular, the Board of Directors submits the Impact Objectives relating to individual investments or lots thereof - together with the related documentation prepared by the SGR with the support of the ESG Advisors (including any technical documents) - to the Impact Assessment Committee, which assesses their consistency with the criteria defined in the ESG Guidelines. Moreover, with reference to single investments in Social Infrastructure, the Board of Directors submits at least once a year to the Impact Assessment Committee the Impact Results related to single investments or lots of them, together with the related documentation prepared by the SGR with the support of ESG Advisors (including any technical documents).

Methodologies

The environmental and social objectives of SIIF are pursued through a strategy based on specific criteria and tools for identifying, implementing and monitoring them. In particular, the Chief Sustainability Officer has developed, in collaboration with the Fund Management structure, an ESG performance assessment tool according to 8 indicators:

- certifications: presence of energy certifications, such as LEED, BREEAM, and performance certificates;
- environmental compliance: presence of environmental analysis and of any materials with environmental and health impacts, consequent actions taken, if any;
- accessibility and mobility: presence of architectural barriers and ease of access to the asset including proximity to transportation and points of interest;
- energy: presence of tools for energy efficiency and use of renewable energy;
- waste management: methods of waste management and presence of adequate spaces for collection, possible presence of separate collection;
- water management: whether there are tools for efficient water use as well as tools for wastewater reuse;
- comfort and health: the presence of adequate measures to ensure the safety and health, as well as levels of well-being and comfort, of the occupants of the asset;
- reputational risks: presence of possible incidents and/or misunderstandings attributable to ESG factors with potential impacts on the Company's reputation.

On the basis of the indicators described above, the Risk Management department has developed a methodology for the analysis of sustainability risk, which has already been used to assess the risk rating of all the AIFs managed. The risk management analyses are submitted to the Company's Board of Directors at least once a year.

In addition, for each individual investment, specific social and/or environmental impact objectives will be identified according to the characteristics of the investment itself, in line with the ESG Guidelines shared with the Impact Assessment Committee and subsequently monitored and reported at the end of the enhancement actions implemented by the Company, measuring the impact results actually achieved.

Data Sources and Processing

The data needed to assess and monitor the achievement of environmental and/or social characteristics are collected, directly, through third parties or subjects appointed for this purpose (such as the ESG Advisor for the implementation of due diligence and monitoring activities), during the due diligence process. Where possible, external or public databases and sources are also used.

In order to ensure data quality, checks are carried out to identify any bias. The impact that different sources have on investment decisions is also assessed.

Data is received in different modes of transmission, which can vary from information transmitted via email or received through automated processes. The latter is the mode that is preferred to avoid any form of operational risk or unnecessary human intervention. The data received is entered into internal databases so that it is always available to the Fund for its various evaluations. Where possible, point data is always preferred. In sporadic situations where point data is not available, estimation procedures are used, with adequate disclosure of the proxies used.

Limitations on methodologies and data

The main limitations arising from the methodology to measure how the environmental/social characteristics promoted by the financial product are met, are represented by the possible lack of availability of the relevant data for the purpose of measuring the performance of the KPIs. The SGR will find the aforementioned data, possibly making reasonable assumptions, in order to prevent such limitations from affecting the way in which the environmental/social characteristics

promoted by the Fund are met.

Due Diligence

In addition to the application of the exclusion policy as a first filter to any opportunity received, the SGR subjects each investment opportunity presented to the Impact Evaluation Committee and the Board of Directors, or the Chief Executive Officer to ESG due diligence, which is an integral part of the analysis criteria and helps define the investment through the analysis of the property.

ESG due diligence is performed by the Fund Management structure with the support of the Asset Management and/or Development Management structure, as well as the ESG Advisor.

In addition to the basic ESG due diligence, applied by the SGR for all assets under management in application of the Responsible Investment Policy, the environmental and social elements characterizing the individual investments will be further investigated, through detailed due diligence, which will contribute to the definition of the Impact Objectives in accordance with the ESG Guidelines.

In the ESG Due Diligence check-list, the areas of analysis are declined according to the indicators described above and integrated by further specific areas of analysis considering for each investment the environmental and social elements that will contribute to the definition of the Impact Objectives.

Engagement policy

Engagement techniques consist of constructive dialogue with stakeholders to discuss how to manage ESG risks and capture business opportunities associated with sustainability challenges.

The SGR uses a proactive approach focused on long-term, financially relevant ESG opportunities and risks that may influence the evaluation of investment opportunities and the ability to create value. The Fund's primary objective is to create value for investors including through the achievement of the Impact Objectives.

Achieving the sustainable investment objective

An index has not been designated as a benchmark for meeting the environmental or social objectives pursued by the financial product.