

PAI Statement 2022

Reporting of "Principal Adverse Impact" indicators for the reference year 2022

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market Participant: Prelios SGR S.p.A. LEI: 81560096C87A5161B705

Summary

Prelios SGR S.p.A. 81560096C87A5161B705 considers principal adverse impacts of investment decisions on sustainability factors. This document represents the consolidated statement on the principal adverse impact of investment decisions on sustainability factors of Prelios SGR S.p.A.

This statement on the principal adverse impact of investment decision on sustainability factors refers to the period from January 1st to December 31st 2022.

Given the availability of the data, the Company reported the following metrics for indicators applicable to investments in real estate assets; (i) exposure to fossil fuels through real estate assets; (ii) exposure to energy-inefficient real estate assets; (iii) energy consumption intensity; (iv) waste production in operations.

With regards to the indicators applicable to investments in investee companies, it was not possible to identify the necessary information useful for the calculation of these metrics, despite the efforts undertaken to gather missing data by sending ad hoc questionnaires. This circumstance reflects the characteristics of the credit investments of the two funds under management that provide for the indirect investment of the same funds mainly through the subscription securitization vehicles' notes. In such cases, limited access to information relative to the ESG thematic and to the management of the Borrower arise, let alone less willingness from the Borrower's side to supply this kind of information, unless the information is subject to an information obligation within the financing contract. (It is relevant to note that the loans, subject to investment, consist of NPE-Non Performing Exposures). For the upcoming reference period, the Company foresees to submit again the questionnaires for the collection of the concerned data and intends to intensify the engagement with the companies benefiting from the investments, through the inclusion, where possible, within the new contractual arrangements (renegotiations or new disbursements), of clauses that provide for the undertaking useful information for the calculation of the applicable PAI metrics.

With reference to the indicators applicable to real estate investments, it is worth noting that these indicators are negatively impacted by those buildings for which, given the intended use (similar to the infrastructure) Energy efficiency measures to mitigate negative effects cannot be envisaged: this is the case of AIFs whose underlying is represented, even partially, by strategic real estate with the intended use of telephone exchanges.

Overall, it seems appropriate to highlight that the real estate portfolio directly managed by the Company is heterogeneous with respect to both the nature of asset classes and the vintage of the AIFs. For what concerns the latter, at the disaggregated level, all the AIFs established within the last 10 years have an "Energy Efficiency" indicator of about 76%, overperforming those established before 2013 with a percentage of 98%, indicating a consolidated trend towards improvement.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies

Adverse sustainability indicators	Metric	Impact year 2022	Explanation	Actions undertaken, actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS				
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	Not calculated	1
		Scope 2 GHG emissions		
		Scope 3 GHG emissions		
				2

¹ The indicator could not be calculated due to data unavailability.

² In the course of 2022, the Company undertook to request, by questionnaire, data from the investee companies. Despite the efforts, the available data were not sufficient to perform an adequate calculation of the metric. In order to find useful data in the future, the Company has included clauses in the new contractual agreements with the investee companies that provide for the sending of such data. For the next reference period, the Company expects to submit the questionnaires for the collection of the data in question and undertakes to intensify engagement with the investee companies.

		Total GHG emissions			
	2. Carbon footprint	Carbon footprint	Not calculated	See note 1	See note 2
	3. GHG intensity of investee companies	GHG intensity of investee companies			
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector			
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources			
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, for the sector having extensive impact on climate			
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas			
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average			
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average.			
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					

Social and employees matters	10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECS) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multination Enterprises			
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multination Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Not calculated	See note 1	See note 2
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies			
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members			
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons			
Indicators applicable to investments in real estate assets					
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	For the purpose of calculating the indicator, the intended use for the individual properties under management on the proprietary IT Platform (PAN) was considered.	Within its Responsible Investment Policy, the Company operates according to an exclusion list ("Negative Screening") that excludes the possibility of constructing new buildings for extraction, the storage, transport or production of fossil fuels. For this reason, the Company expects that this indicator will remain constant / will have minimal impacts even for the next periods.
Energy Efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	85,57%	To take the indicator into account, the Energy Performance Certificates of the buildings under management	The Company is currently committed to improving the energy efficiency of buildings under management. It provides for the different funds, the construction and energy efficiency of many

				<p>have been collected to derive their energy class.</p> <p>The following formula has been used for the calculation, as required by current legislation:</p> <p>((Value of real estate assets built before 31/12/2020 with EPC of C or below) + (Value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU)) / Value of real estate assets required to abide by EPC and NZEB rules</p>	<p>buildings under management by fostering the transition to better energy classes and, where possible, subjecting the buildings under management to voluntary certifications such as <i>LEED (Leadership in Energy and Environmental Design)</i> or <i>BREEAM (Building Research Establishment Environmental Assessment Method)</i> and other platforms.</p> <p>This approach can encourage sustainable building design and management, helping to reduce GHG emissions and improving their overall efficiency. Where the strategies for the development of real estate do not include significant construction/ redevelopment and are intended for sale in a short time, however, the possibility of minor interventions during any maintenance will be evaluated.</p> <p>Downstream of the finalization of the different yards/ redevelopment interventions, the Company foresees a progressive improvement of the PAI indicator for the next periods.</p>
Other indicators for principal adverse impacts on sustainability factors					
Additional climate and other environment-related indicators					
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Explanation	Actions undertaken, actions planned, and targets set for the next reference period
Indicators applicable to investments in investee companies					
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	Not calculated	See note 1	See note 2
Indicators applicable to investment in real estate assets					
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	0,000066917 GWh/m ²	In order consider the indicator, the Company has obtained from the EPC of the properties under management the relative energy consumption. A weighting system based on square meters and market values has been used for the calculation.	Jointly with the expected energy efficiency through the construction of new buildings / significant redevelopment of existing buildings, with the consequent decrease in the intensity of energy consumption, the Company considers interventions aimed at reducing the energy needs of buildings under management also in the context of maintenance. Further initiatives under assessment include the Implementation of monitoring systems to measure and analyze energy consumption, GHG emissions and plant efficiency. This data can be used to identify areas for improvement and set specific emission reduction targets. Policies to raise awareness and involve drivers are also underway to encourage more

					responsible behaviour and a greater commitment to sustainability. For these reasons, the Company, by giving continuity to its sustainable practices, foresees a progressive reduction of the PAI indicator for the next periods.
Waste	20. Waste production in operations	Share of real estate assets non equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	45,30%	For what concerns this indicator, data on the share of separate collection following the municipalities in which the buildings are located were obtained from the ISPRA database. For the calculation of the metric, complements to one of the collected data were obtained and these data were then weighted using Market Values.	For the next periods, the Company plans to obtain timely information on the presence or absence of waste sorting plants and waste recovery or recycling contracts.

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact year 2022	Explanation	Actions undertaken, actions planned and targets set for the next reference period
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Indicators applicable to investments in investee companies

Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	Not calculated	See note 1	See note 2
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Description of policies to identify and prioritise principal adverse impact on sustainability factors

On 27th June 2023, Prelios SGR S.p.A. has approved the policies relating to identify and prioritize principal adverse impact on sustainability factors. These policies entail the involvement of the relevant corporate bodies and structures, in accordance with what follows below.

The Asset & Development Management structure is responsible for the collection of relevant data for the purposes of the PAI indicators for real estate assets (Real Estate AIFs), while the Fund Management structure is responsible for the collection of the same for the movable assets (Credit AIFs).

The Fund Management structure, in coordination with the Risk Management (RM) function and the possible support of the Chief Sustainability Officer (CSO), measures the PAI indicators.

In particular, the RM function verifies the completeness of the data useful for calculating the PAI and monitors their values over time, reporting any abnormal or particularly high/critical value according to the company strategy.

The CSO, in agreement with the Fund Management and Asset & Development Management structure, identifies and prioritises the PAI and proposes to the Sustainable Finance Committee (SFC) specific measures to mitigate its negative effects. In addition, the CSO shall monitor, based on available data and information, the reporting of indicators on the

principal adverse impact on sustainability factors related to the assets managed by the Company and submit this statement to the SCF on the principal adverse impact of investment decisions on sustainability factors.

The SFC is entrusted with advisory and proactive functions towards the Board of Directors and the Chief Executive Officer (CEO) and, in particular, express opinions and/or recommendations on the proposals made by the CSO on any measures to be planned to mitigate the principal adverse impact on sustainability factors identified and on this statement on the principal adverse impact of investment decisions on sustainability factors.

The Board of Directors, therefore, is responsible for the approval of the two previous aspects, following the proposal of the SFC.

The implementation of the policies described above falls under the responsibility of the CEO.

Several factors were taken into account in the selection of the different indicators, including the availability of data at IT level within the systems and/ or available data from external databases and the materiality of the indicator itself. For the evaluation of the PAI relating to the real estate AIFs, which constitute the largest share in terms of managed AUM, the Company has committed itself to collecting the Energy Performance Certificates (EPC) properties under management and their loading into the proprietary IT Platform (PAN). In addition to the use of other information regarding the properties under management on PAN, the Company relied on the ISPRA database (Higher Institute for Environmental Protection and Research) and the "Portal opendata of the City of Madrid" for the evaluation of PAI indicators.

For the computation of the PAI indicators for real estate AIFs, given the unavailability of all EPCs, the Company has set up an internal benchmark for the estimation of missing information. Accordingly, the identified value may deviate from the real value of the indicator, but the Company expects this deviation to be minor given the high solidity with which the database was constructed.

With a view to continuous improvement, the Company has prepared a questionnaire for Tenants, embedded with granular information for the purpose of calculating the PAI, to achieve an approach as detailed as possible. Moreover, since 2021, the Company has adopted the *green lease*, thanks to which, within the contract (new leases and renegotiations), specific clauses require Tenants to provide information useful for the calculation of PAI indicators, periodically.

It shall be noted that, to date, **many investments are excluded from the calculation where construction work is underway/ redevelopment that will lead to green certifications (such as: LEED and/ or BREEAM) for a value estimated at 31/12/2022 of about Euro 2.8 billion. The conclusion of such interventions may have significant impacts on the improvement of the PAI.**

Without prejudice to the Company's effort to find the information to monitor also the indicators relating to credit AIFs in compliance with the pro tempore regulations in force, given the characteristics of the borrowers of the managed credit funds, the monitoring of these indicators is subject to the completion by the beneficiary companies of an investment questionnaire that the Company submits in order to collect relevant data. Questionnaires were submitted during 2022, but the data collected were not sufficient to perform a statistically meaningful metric calculation. In order to find useful data, the Company enters into new contractual agreements (new payments or renegotiations) with the companies benefiting from the investments of the clauses to make up for this lack. For the next reference period, the Company expects to submit the questionnaires for the collection of the same data again and to continue the engagement towards the companies benefiting from the investments.

Engagement policies

The Company actively promotes both internal and external engagement policies aimed at raising stakeholders' awareness of sustainability issues, in order to positively influence behaviour and increase the degree of transparency of its reference context.

Regarding the commitment within the organization, the Company prepares and implements a training plan on ESG issues, intended for both SGR employees and members of decision-making and governance bodies, with the twofold objective of increasing awareness on ESG issues as well as the dissemination of specific expertise in the organisation. With regards to its external commitment, the Company, aware of its position as a "prime contractor", encourages suppliers, conductors and other counterparties of AIFs, to adopt an ESG approach.

Within real estate AIFs, the Company promotes the introduction of sustainable practices by defining specific contractual frameworks, such as "*green leases*", containing a set of forecasts aimed at promoting the sustainable use of leased assets.

References to international standards

The Company operates in compliance with the principles of professional ethics and transparency, through the adoption and compliance to Model 231 and the Code of Ethics, ensuring proper management of conflicts of interest and risks related to corruption, money laundering, terrorism and international sanctions. In its relations with business

partners, the SGR requires the explicit acceptance of its Code of Ethics and the inclusion of the CSR Clause in the relevant contractual documentation. The Code of Ethics and the CSR Clause include, *inter alia*, aspects consistent with the main international standards, such as "OECD Guidelines for Multinational Enterprises", "UN Principles on Business and Human Rights", "Rights and Principles in the EU Charter of Fundamental Rights", etc.

The Company is committed to supporting the main "Sustainable Development Goals", promoted by the UN and adheres to the principles and guidelines defined for responsible investments by the United Nations – Principles for Responsible Investments (PRI) that aim to strengthen the integration of ESG factors in investment choices, encouraging the engagement of the actors involved and monitoring their progress.

In 2020 the Company joined the GRESB for some managed funds, while during 2021 and 2022 sustainability practices were consolidated within the governance and processes, with the introduction of the ESG due diligence, for the real estate AIFs and the credit AIFs.

To date, the Company does not consider forward-looking climate scenarios for currently reported PAI indicators. For the next periods, and subject to the retrieval of data regarding the PAI indicators applicable to the companies benefiting from the investments, the Company will launch a framework dedicated to the assessment of forward-looking climate scenarios.

Starting with the PAI Disclosure that will be published in 2024 (reference period: 1st January 2023 – 31st December 2023), a historical comparison with the previous period will be made.

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