



COIMA Core Fund II

Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites - Publication referred to Article 10, par. 1, of Regulation (EU) 2019/2088 and Articles 25 to 36 of the Delegated Regulation (EU) 2022/1288

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Summary

COIMA Core Fund II (hereinafter also “the financial products”, “the Fund”) promotes environmental characteristics pursuant to Article 8 of Regulation (EU) 2019/2088 (SFDR) and aims to sustain completion of the United Nations Sustainable Development Goals (UN SDGs). Its environmental characteristics are qualified through alignment with the objectives outlined in the EU Taxonomy Regulation (2020/852).

For all underlying investments of the financial product that take into account the EU Taxonomy criteria, the DNSH principle (Do No Significant Harm) applies, meaning that they must not cause significant harm to other sustainability objectives. To this end, the applicable technical screening criteria reported in the annexes of EU Regulation 2020/852 are considered.

Principal Adverse Impact (PAI) indicators, which measure negative effects on sustainability, are considered during the investment phase of the Fund to assess their impact and determine actions to mitigate these effects. The PAIs related to the Fund are monitored and analysed, using specific templates and databases.

The investments of COIMA Core Fund II are aligned with the OECD guidelines for multinational enterprises, the United Nations guiding principles on human rights and the United Nations Global Compact. Furthermore, COIMA takes into consideration the United Nations principles for responsible investments (UN PRI).

The investment allocation programmed to achieve the environmental characteristics promoted by COIMA Core Fund II will be at least equal to 50% of the investments. In addition, at least 50% of the investments will be classified as sustainable investments in economic activities considered environmentally sustainable according to the EU Taxonomy.

The Fund's investment strategy incorporates environmental sustainability characteristics through a rigorous initial screening and selection of investment opportunities. During the due diligence phase, the ESG profile is assessed using an in-house methodology that evaluates the economic impact in relation to achieving ESG objectives.

Finally, the Risk Management function supervises the aforementioned process, with the objectives of: understanding the investment risks and the ESG risks associated with investments, verifying that the risk-return profile is in line with the risk profile of the Fund and analysing the areas of ESG improvement of the investment.

The methodologies used to measure the achievement of social or environmental characteristics includes the use of a proprietary framework for measuring sustainability indicators (KPIs), i.e. the COIMA ESG Metrics.

Furthermore, COIMA is committed to a continuous dialogue and involvement of the Fund's stakeholders, not only with the aim of promoting sustainability and becoming a catalyst in the education and communication of ESG aspects, but also with the aim of reducing and mitigating the main negative effects deriving from its investments, by organizing, for example, periodic meetings with tenants, to measure their degree of satisfaction and spread the culture of sustainability.

At the moment, an index has not been designated as a benchmark to meet the environmental characteristics pursued by the financial product.

No sustainable investment objective

This financial product promotes environmental characteristics as defined by Article 8 of EU Regulation 2019/2088 and, while it does not have a sustainable investment objective, it is committed to making a portion of its investments sustainable. Specifically, part of the Fund's investments focus on environmental objectives aligned with EU Regulation 2020/852 (EU Taxonomy).

To ensure no significant harm (DNSH) is caused to other sustainability objectives, COIMA ensures that the DNSH principle is applied and verified for the Fund's economic activities within the "7. Construction and Real Estate Activities" category of EU Regulation 2020/852, targeting the objectives of "Climate Change Adaptation" and "Climate Change Mitigation."

In any case, the financial product takes into account the indicators of the negative effects on sustainability (PAI - Principal Adverse Impact Indicators) present in the Tables of Annex I of the delegated regulation (EU) 2022/1288. In particular, the following PAIs were selected:

- Mandatory PAIs for Real Estate sector:
 - Fossil Fuel;
 - Energy efficiency.
- Optional PAIs :
 - GHG Emissions;
 - Energy consumption intensity.

These indicators are measured and analysed by the SGR, which establishes from the technical due diligence activity the mitigation actions to be taken. COIMA SGR measures these indicators at a portfolio management level in order to assess the impacts of investment decisions on sustainability factors, taking into account tolerance thresholds.

All information related to the extent to which sustainability characteristics are achieved will be published on COIMA's website by June of each year, as required by EU Regulation 2019/2088 (SFDR). The data required for the determination of PAIs is also collected during the pre-acquisition due diligence of the assets subject to the investment. COIMA Core Fund II's sustainable investments are aligned with the OECD guidelines for multinational enterprises, the United Nations Guiding Principles on Human Rights and the United Nations Global Compact. Furthermore, in its investment due diligence activities, COIMA takes into consideration the principles of the United Nations for responsible investments (UN PRI - *Principle for Responsible Investment*). COIMA also requires acknowledgment of its Code of Ethics, ensuring that stringent supervision and control requirements are complied with in places at greater risk for occupational health and safety, ensuring that equal opportunities and workers' rights are respected.

Environmental or social characteristic of the financial product

The Fund promotes environmental characteristics pursuant to Article 8 of EU Regulation 2019/2088.

The Fund's objective is to grow the value of capital over time and generate a stable, low-risk income through investments in high-quality real estate located in strategic locations. At the same time, the Fund is committed to promoting the sustainability of its investments, integrating sustainability risks into the decision-making process. In particular, the Fund pursues the objectives of "Substantial contribution to climate change adaptation" and "Climate change mitigation" through the economic activity "7.7 Acquisition and ownership of buildings" for the sector "7. Construction and real estate activities" in line with the EU Taxonomy, respecting the technical screening requirements defined by the regulation.

These characteristics and objectives are aligned with the Sustainable Development Goals (SDGs) set by the United Nations, and are realized through the development of quality, reliable, sustainable and resilient infrastructure (SDG 9), and the improvement of urban planning and infrastructure to reduce their negative environmental impact (SDG 11).

The Fund's sustainability characteristics are to be achieved over its lifetime and guide the investment decisions that will be made from time to time for each asset.

Investment strategy

The investment process includes a careful analysis of the property upgrading and optimisation activities that are necessary to optimise environmental performance and energy efficiency in future management. With a view to achieving the Fund's objective, aimed at seizing the best opportunities offered by the market and developing a positive impact on the real economy, the portfolio will be predominantly invested with the objective of acquiring, developing, and managing real estate assets of a high qualitative level consistent with the sustainability characteristics promoted by the Fund.

During the investment phase, sustainability risk management consists of the following activities:

- Screening and selection of investment opportunities (negative screening): this activity is carried out on the base of specific exclusion criteria. The exclusion criteria considered are the following:
 - Exclusion of the possibility of developing in protected natural areas;

- Exclusion of the possibility of constructing new buildings intended for the extraction, storage, transport or production of fossil fuels.
- Due Diligence: due diligence is performed with the aim of
 - Understanding the financial and sustainability risks of the investment
 - Verifying that the risk-reward profile is in line with the risk profile of the Fund
- Calculate the sustainability risk associated with the investment using the COIMA ESG Metrics analyses:
 - "As is" Situation: assessment of the risk associated with the investment at the time of acquisition and throughout the management period;
 - "Target" Situation: assessment of the risk associated with the investment following the redevelopment interventions or the new construction of the building.

This analysis will also be conducted during the investment management phase. The constraining elements of the investment strategy can be traced back to:

- ESG rating calculated using COIMA ESG Metrics equal to maximum: 40/100
- Two exclusion criteria:
 - Exclusion of the possibility of developing in protected natural area
 - Exclusion of the possibility of constructing new buildings intended for the extraction, storage, transport or production of fossil fuels

The Fund's ESG investment strategy and process are monitored on a regular basis with regards to specific roles and responsibilities attributed to the governance described below and in particular by the Fund Manager with the contribution of the Sustainable Innovation Committee (SIC):

- Board of Directors: approves the investment transactions, the business plan of the Fund and of the investments and any annual changes, taking into account the Policy for Integrating Sustainability Risks into the Investment Process
- Investment Committee: is responsible for applying the ESG guidelines defined in the Policy for Integrating Sustainability Risks into the Investment Process to the selection process of each investment. It has an advisory function in defining the proposals to be presented to the Board of Directors regarding sustainable and responsible investment issues, aimed at guaranteeing the innovation of the methodologies and processes adopted, the monitoring of compliance with the ESG indicators and the ways in which they are taken into account for the various products and services offered to customers
- *COIMA Sustainable Innovation Committee (SIC)*: is an advisory and proactive committee set up to support the Chief Executive Officer of COIMA SGR in the

corporate management of "ESG" (Environmental, Social & Governance) issues, "Impact Investing" and product innovation.

- Control Functions: the Risk Management function is responsible for monitoring and assessing the impact of ESG factors on the risk of the Fund and on its financial performance

With regard to the policy for the assessment of good governance practices of the companies benefiting from the investments, it should be noted that given the type of asset class, as well as the intrinsic characteristics of the real estate sector, the assessment relating to good governance practices is not applicable.

In fact, COIMA Core Fund II does not invest in issuing companies, but in real estate. Reason why the drafting of a policy to evaluate the good governance of the asset in which one invests is not applicable.

Proportion of investments

The minimum allocation of the investment used to achieve environmental characteristics in COIMA Core Fund II, in compliance with the binding elements referred to in the previous paragraph, will be equal to at least 50% of the investments. Furthermore, at least 50% of the investments will be classified as sustainable investments in economic activities considered environmentally sustainable in accordance with the EU Taxonomy, as provided for by the "Climate Change Adaptation" and "Climate Change Mitigation" objectives. The remaining 50% includes investments that are not aligned with environmental and/or social characteristics nor considered sustainable investments. This share could emerge due to the technical or economic impossibility of achieving the environmental or social objectives or characteristics set by the Fund. It should be noted that, also for these investments, the exclusion criteria of the investment strategy of the financial product are respected and a sustainability risk analysis is carried out.

Finally, it should be noted that COIMA Core Fund II does not use derivatives to achieve the environmental objectives set by the financial product but only as a risk hedge.

Monitoring of environmental or social characteristics

During the entire life cycle of the financial product, a rigorous procedure is followed for monitoring the performance of the Fund. Through the periodic calculation of the sustainability indicators (KPIs) identified within the COIMA ESG Metrics (a description of the methodology is provided in the following paragraph), the pursuit of the environmental or social characteristics promoted by the Fund is assessed and any corrective actions from undertake to improve the Fund's ESG performance or reduce the Fund's ESG risks. The Risk Management function supervises the entire process.

Investors will be provided with a periodic report illustrating the evolution of the investment's ESG and financial performance, with respect to the identified targets: the identification, analysis and continuous management of ESG risks and opportunities are an integral part of the active management of assets owned by the Fund.

Methodologies

The pursuit of the characteristics the Fund has identified is assessed and measured through KPIs examined in the COIMA ESG Metrics tool¹.

The COIMA ESG Metrics includes three areas of analysis:

- Environmental, area in which the risks and related environmental objectives and parameters are identified:
 - Calculation of the physical risk of the asset;
 - Calculation of asset transition risk;
 - Application of voluntary environmental certifications (e.g. LEED® Leadership in Energy and Environmental Design) of buildings and neighbourhoods;
- Social, area in which risks and related objectives and parameters are identified in terms of integration and/or social impact such as:
 - Decent working conditions;
 - Living standards and well-being;
 - Community and society;
 - Engagement and relationship with stakeholders.
- Governance, area in which risks and related objectives and parameters are identified in terms of corporate governance of sustainability:
 - Ethics;
 - Transparency;
 - ESG Rating of the company

Data sources and processing

The data needed to determine the environmental and social characteristics or sustainability goals of the investment is collected on a periodic basis from internal data rooms. In these data rooms, information about the materials used, the Energy Performance Certificate of the building, the sustainability certifications achieved, etc. is available. In some cases, the data are also obtained from regional or national public databases, while the data relating to the consumption and actions of tenants or suppliers are collected by filling in specific questionnaires relating to their ESG performance.

¹ The COIMA ESG Metrics is a proprietary sustainability risk measurement and monitoring tool that allows for a quantitative assessment in the form of a score on a 100 basis (where 0 is minimum ESG risk and 100 is maximum risk) of the investment's contribution to the sustainability dimensions indicated below. In particular, the process of investing in the Fund is tied to the achievement of a maximum ESG risk score of 40/100, which will be monitored throughout the life of the Fund.

The quality of the data is verified through control measures that are carried out during due diligence and periodic annual checks. In most cases the data are actual and real, but, when necessary, estimations are made. Those could occur because data that comes from third parties is not directly controllable by COIMA.

Limitations to methodologies and data

With regards to environmental data, particularly physical and transition risk, COIMA uses third-party tools. However, the lack of a guideline on benchmarks and reference scenarios makes it difficult to compare data at market level.

With regards to social data, at the time of writing the Social Taxonomy is not yet being finalized, therefore, the requirements of the first two social indicators explained in the "Methodologies" will not necessarily be aligned with what will be requested in the final version of the Social Taxonomy.

Furthermore, with regard to data relating to "Stakeholder engagement", this data will be progressively collected by tenants and contractors, therefore it can be estimated or not on the basis of the availability of information received from stakeholders. In any case, COIMA will try to minimize the use of estimates, so that the characteristics of the investment are not affected.

Due Diligence

The Risk Management function supervises the entire due diligence process, which is performed with the aim of:

- a. understanding the investment risks and the ESG risks associated with investments through the evaluation of specific elements included in the COIMA ESG Metrics;
- b. verifying that the risk-return profile is in line with the risk profile of the Fund;
- c. analysing the areas for improvement in terms of the ESG objectives of the investment identified, with the purpose to identify an "as is" and a "target" scenario.

The results of the analysis and the ESG targets for investment management are integrated in the investment memorandum presented to the Investment Committee and the Board, which also contains a summary of the main findings of the due diligence.

Engagement policies

Investment preferences, in addition to stakeholder involvement, are crucial elements for COIMA's business: collaboration is an integral part of all projects and is necessary to obtain the best results on the market and to be a catalyst in the education and communication of ESG issues.

Through the commitment with the Stakeholders, COIMA aims not only to promote sustainability but also to reduce and mitigate the main negative effects deriving from its investments. The cultural events organized by the Riccardo Catella Foundation, for example, intend to involve the public and non-profit sector with the aim of developing civic projects for the community aimed at spreading the culture of sustainability and promoting a responsible approach to urban development. This culture is further developed with the involvement of contractors and service providers engaged in the building construction/refurbishment process, who are

reminded of the importance of using eco-sustainable and recycled materials as much as possible, in order to promote economic circularity and use of renewable sources.

In meetings with tenants, the degree of satisfaction with the management of the property is measured, while the need to adopt sustainable behaviours within their homes and offices is also underlined, encouraging lower energy consumption, where possible. In the same way, the engagement with designers and architects aims to promote the reduction of energy use and greenhouse gas emissions, through the development of buildings characterized by advanced insulation and ventilation systems and the use of low energy consumption equipment / appliances.

Finally, COIMA is aware of the influence that the choices of investors and partners have in promoting a more sustainable future. For this reason, the Company is committed to promoting the choice of ESG investments during quarterly updates and industry conferences and events, in order to direct towards increasingly sustainable investments.

Designated reference benchmark

An index has not currently been designated as a benchmark to meet the environmental or social objectives pursued by the financial product.