# Statement on principal adverse impacts of investment decisions on sustainability factors

*June 2024*

*Financial market participant: COIMA SGR*

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# Summary


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| *COIMA SGR considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of COIMA SGR.* |
| *This statement on principal adverse impacts on sustainability factors covers the reference period from January 1 to December 31, 2023.* |


COIMA SGR considers of fundamental importance the integration of environmental, social and governance (ESG) factors in its investment process in the belief that these elements, in addition to fostering sustainable economic and social development, can contribute positively to the financial results of funds while reducing their risks.

With the aim of facilitating the inclusion of these risks in investment processes and, in general, to increase the integration of sustainability-related issues in the financial world, the European Parliament and Council adopted the Sustainable Finance Disclosure Regulation (SFDR) (EU) 2019/2088. It aims to reduce existing information asymmetries in financial markets regarding the integration of sustainability risks, the consideration of negative sustainability impacts, the promotion of environmental or social characteristics, and the realization of sustainable investments by requiring financial market participants and financial advisors to make appropriate disclosure in this regard.

COIMA SGR, in compliance with Art. 4 of the SFDR Regulations, has voluntarily decided to consider the negative impacts of its investment decisions on ESG sustainability factors (so-called "comply" approach).

In order to guide financial market participants in measuring and assessing how investment decisions may have negative impacts on sustainability factors related to environmental, social, or governance aspects, the Regulator defined within the Regulatory Technical Standards published on February 2021 (subsequently updated in the most recent version of April 2023) some specific indicators at the entity and product level, so-called Principal Adverse Impact (PAI), to be calculated according to the type of reference investment. COIMA SGR has therefore decided to consider:

- two mandatory PAIs (mandatory) for investments in the Real Estate sector: Fossil Fuels and Energy Efficiency;
- two optional (non-mandatory) PAIs: GHG Emissions and Energy Intensity.

| PAI indicator | Assessed scope | RTS table | Number | Mandatory | Non-mandatory |
|---|---|---|---|---|---|
| Fossil fuels | Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels | 1 | 21 | x | |
| Energy efficiency | Share of investments in energy inefficient real estate assets | 1 | 22 | x | |

| PAI indicator | Assessed scope | RTS table | Number | Mandatory | Non-mandatory |
|---|---|---|---|---|---|
| GHG emissions | GHG emissions (Scope 1, 2 and 3) generated by real estate assets expressed in tonnes of $CO_2$ equivalent | 2 | 18 | | x |
| Energy intensity | Energy consumption in GWh of owned real estate assets per square meter | 2 | 19 | | x |

Source: https://www.esma.europa.eu/press-news/esma-news/three-european-supervisory-authorities-publish-finalreport-and-draft-rts

The PAIs chosen by COIMA SGR were also selected with the aim of contributing to the achievement of some of the Sustainable Development Goals (SDGs) set by the United Nations. By way of example, the improvement of PAIs such as "Energy Efficiency," "Energy Intensity," and "GHG Emissions," through a reduction in energy consumption and carbon emissions and energy efficiency of investment properties, incentivizes the development of quality, reliable, sustainable, and resilient infrastructure (SDG 9) and contributes to the improvement of urban planning and infrastructure through a reduction in their negative environmental impact (SDG 11).

# Description of the principal adverse impacts on sustainability factors

With reference to each of the selected PAIs, COIMA SGR undertakes, for each investment, to consider and implement a series of actions aimed at improving the value of these indicators, with the aim of determining a positive impact on society and the environment. The main actions planned are described in the table below:

| Adverse sustainability indicator | | Description | Impact [year 2023] | Impact [year 2022] | Explanation | Actions taken, and actions planned and targets set for the next reference period |
|---|---|---|---|---|---|---|
| **Fossil fuels** | 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% | 0% | COIMA SGR has no assets that are directly or indirectly involved in the extraction, storage, transportation, and production of fossil fuels. For verification regarding the percentage, all uses of the assets owned by COIMA SGR were checked and it was verified that none fell into category D/7 (buildings built or adapted for the special needs of an industrial activity and not susceptible to different use without radical transformation). | Within COIMA SGR's investment policy, the possibility of developing or investing in buildings intended for the extraction, storage, transportation, or production of fossil fuels has been included among the exclusion criteria. |
| **Energy efficiency** | Exposure to energy inefficient real estate assets | Share of investments in energy inefficient real estate assets | 32% | 38% | To date, the share of inefficient assets includes operational buildings for which redevelopment or sale is planned. Assets that did not have energy performance certificates by their very nature (e.g., parking lots, building plots, etc.) were excluded from the count. To date, construction sites have not been counted, but properties with an EPC[1] that will be subject to redevelopment or demolition and new construction have been considered. In relation to the total number of inefficient assets as of Dec. 31, 2023, 21% are properties that will be upgraded and will thus be characterized as efficient assets when fully operational (compared to 18% of the previous year). | COIMA SGR develops and redevelops assets to meet the requirements for climate change mitigation and/or adaptation targets under the EU Environmental Taxonomy. Where such interventions are not possible COIMA contributes to improving the energy efficiency of properties through targeted interventions related to the properties' decarbonization plans. |

[1] Energy Performance Certificate

Other indicators for principal adverse impacts on sustainability factors

| Adverse sustainability indicator | | Description | Impact [year 2023] | Impact [year 2022] | Explanation | Actions taken, and actions planned and targets set for the next reference period |
|---|---|---|---|---|---|---|
| **GHG emissions** | GHG emissions (Scope 1, 2 and 3) generated by real estate assets expressed in tonnes of $CO_2$ equivalent | Scope 1 GHG emissions generated by real estate assets expressed in tonnes of $CO_2$ equivalent | 601 ton$CO_2$e | 667 ton$CO_2$e | Emissions from fossil fuels, managed directly by COIMA SGR, and related to properties in COIMA SGR's portfolio are considered. | COIMA SGR has taken and will continue to take the following actions to mitigate the negative effects related to its GHG emissions:<br>• Adoption of some of the internationally renowned and reputable environmental sustainability certifications including BREEAM®, LEED®, WELL Building standard or Fitwell for properties undergoing redevelopment or new construction.<br>• Developing buildings that meet the limits set by the Paris Agreement by verifying the energy and emissions performance of buildings using international benchmark decarbonization curves such as, for example, CRREM (Carbon Risk Real Estate Monitoring);<br>• Development of a decarbonization plan related to the investment properties and the corporate portfolio, including, the gradual phasing out of the use of fossil fuels from buildings, preferring the use of technologies that can facilitate decarbonization. To date, the share of emissions related to the use of fossil fuels is 7% of total emissions generated.<br>• Preference toward investments in solutions to increase renewable energy production in order to reduce net greenhouse gas (GHG) emissions.<br>• Engagement policies with companies using assets under management to encourage the use of lower energy consumption practices.<br>• Engagement policies with companies involved in the development phases (construction and/or renovation of properties), such as suppliers and builders, to encourage the use of less energy-intensive practices. |
| | | Scope 2 GHG emissions generated by real estate assets expressed in tonnes of $CO_2$ equivalent | 6.802 ton$CO_2$e (Location-based) | 5.658 ton$CO_2$e (Location-based) | Emissions from purchased electricity related to the common parts of the properties managed by COIMA SGR are considered. Purchased electricity with Renewable Origin Guarantee (GO) certificates was considered with an emission factor equal to the national (location-based) energy mix. | |
| | | Scope 3 GHG emissions generated by real estate assets expressed in tonnes of $CO_2$ equivalent | 36.384 ton$CO_2$e (Location-based) | 33.245 ton$CO_2$e (Location-based) | The issues of COIMA SGR's tenants are considered. The estimation level as of 31/12/2023 is 18% (compared to 22% of previous year) of the total GAV managed by the company. Specifically, actual consumption of occupied buildings is reported, while consumption of construction sites is excluded. | |
| | | Total GHG emissions generated by real estate assets expressed in tonnes of $CO_2$ equivalent | 43.857 ton$CO_2$e (Location-based) | 39.570 ton$CO_2$e (Location-based) | The total emissions compared to the previous year have increased in absolute value. This is due to the increase in managed real estate assets, as well as to a conversion factor of electrical energy into carbon dioxide that has increased.<br>Total Scope 1, Scope 2 and Scope 3 emissions were considered. Specifically, actual consumption of occupied buildings was reported, while consumption from construction sites is excluded. In detail, the emission intensity of office and retail, which make up nearly 50% of COIMA SGR's real estate GAV, is below the CRREM (Carbon Risk Real Estate Monitor) decarbonization curve, which is aligned with the Paris Agreement. | |

| Adverse sustainability indicator | | Description | Impact [year 2023] | Impact [year 2022] | Explanation | Actions taken, and actions planned and targets set for the next reference period |
|---|---|---|---|---|---|---|
| | | | | | Emissions were calculated using the "location based" emission factor, despite the fact that there is a 52 percent share of Scope 2 and 3 electricity purchased from renewable sources certified with Guarantee of Origin (GO).<br>Using a zero-emission factor ("market-based" approach) to calculate GHG emissions from GO-certified renewable sources, the **total emissions generated is 24,421 ton$CO_2e$** | |
| **Energy intensity** | Energy consumption of real estate assets | Energy consumption in GWh of owned real estate assets per square meter | 0,000138 GWh/$m^2$<br><br>(138 kWh/$m^2$) | 0,000151 GWh/$m^2$<br><br>(151 kWh/$m^2$) | Energy intensity was calculated as the total energy consumption of all asset classes in the portfolio (common parts and areas leased to tenants) over the occupied NRA (Net Rentable Area).<br>Specifically, actual consumption of occupied buildings was reported, while consumption of construction sites was excluded.<br>Energy intensity varies significantly based on the type of building. In detail, it is characterized as follows:<br>Residential: 53 kWh/$m^2$<br>Offices: 180 kWh/$m^2$<br>Retail: 190 kWh/$m^2$<br>Logistics: 113 kWh/$m^2$<br>Others: 67 kWh/$m^2$ | COIMA SGR promotes energy efficiency and the use of renewable energy in both existing properties and new developments (e.g., installation of photovoltaic panels, purchase of GO-certified renewable energy). In the development of new properties, the requirements of the EU Environmental Taxonomy are met, while targeted efficiency upgrades are carried out in operational buildings. In addition, to facilitate data monitoring, smart metering devices have been installed to monitor energy consumption in nearly 50% of the buildings under management at COIMA SGR. |

# Description of policies to identify and prioritize principal adverse impacts on sustainability factors

## Policies for integrating ESG factors and PAI indicators into investment strategies

COIMA SGR is aware that careless investment choices can unfold negative effects on stakeholders, the environment, and society and, therefore, has adopted a clear framework as a guide to its investment decisions in order to minimize such negative effects.
Specifically, COIMA SGR's investment procedure includes the following steps:

1. **Screening and selection of investment opportunities:** in order to reduce the possibility of determining negative sustainability impacts, COIMA SGR excludes all investment opportunities that involve:
   - developments in protected natural areas;
   - construction of new buildings for the extraction, storage, transportation or production of fossil fuels (the mandatory "Fossil Fuel" PAI will always be zero);
2. **Determining the ESG profile of the investment:** this activity, is done by measuring specific KPIs examined through COIMA ESG Metrics, a proprietary tool that declines the contribution of an investment in three areas: (i) environmental aspects: where physical risk, transition risk, and environmental certifications are analysed; (ii) social aspects, such as "decent working conditions", "living standards and well-being", community and society, and stakeholder engagement and relationship; and finally (iii) governance aspects: where ethics, transparency, and the company's ESG rating are analysed. In order to calculate the ESG risk of an investment, COIMA ESG Metrics collects data about the aspects listed above and selected PAIs (for more information regarding the measurement and monitoring of ESG risks, please refer to the "Policy for Integrating Sustainability Risks into Investment Processes" available on COIMA's website);
3. **Due Diligence**: this activity is performed with the aim of:
   - understanding the ESG risks associated with investments, including through analysis of the PAIs considered, where data are available;
   - verify that the risk-return profile is in line with the risk profile of each fund;
   - identify areas for improvement in terms of the ESG objectives of the investment identified within the COIMA ESG Metrics and the assessment of the values of each PAI. The absence of certain data for the calculation of PAIs or the presence of negative values can also be considered as a specific cautionary factor to be reported in the Investment Memorandum, as well as an element to be monitored on an ongoing basis following the initiation of the investment.
4. **Investment Monitoring:** once the investment transaction is completed, the Fund & Asset function initiates project management and development activities in accordance with the conditions defined at the underwriting stage and based on the approved business plan, monitoring the evolution of the chosen PAIs and implementing appropriate policies aimed at their mitigation.

## Methodology on identification and prioritization of PAIs

Specifically, the process of calculating and prioritizing PAIs is divided into the following steps:

1. **Definition of indicators to be monitored** – The prioritization of specific PAIs to be considered within the fund's investment strategy is done based on the ESG characteristics and objectives that the fund pursues and the impacts and priorities identified through the COIMA Group's materiality analysis. The identification of PAIs was also carried out in consideration of the severity and probability associated with the consequences of not monitoring these indicators. This analysis was carried out through the COIMA Group's materiality analysis development, which analysed COIMA's impacts on the external environment and vice versa, assessed from the perspective of internal and external stakeholders. The determination of PAIs is in line with COIMA SGR's commitment to integrating ESG factors into investment strategies, outlined in the "Policy for Integrating Sustainability Risks into Investment Processes," as well as its commitment to act in accordance with the OECD Guidelines for Multinational

Enterprises, the United Nations Guiding Principles on Human Rights, the Principles for Responsible Investment (UNPRI), and the United Nations Global Compact.
In addition to the "mandatory" PAIs, based on the relevance and necessary transparency on these issues, COIMA SGR also decided to report on two of the "optional" PAIs designated for the "Real Estate" sector, reporting on them for all of its AIFs;

2. **Data collection and census** – For all funds in place, PAI indicators are calculated, monitored and analysed, through the use of specific templates and databases. The Fund & Asset function, with the support of the Property & Facility Management function and, where appropriate, the Sustainability Team, initiate the collection of the data needed to calculate the PAIs. It should be noted that, as mentioned in the previous section, before making an investment in one or more properties, a preliminary analysis is performed during the Due Diligence phase, which also considers the available information related to the selected PAIs. Already from this initial stage, it is therefore possible to identify any points of attention regarding the type of data available or to be retrieved in a structured manner, involving, where appropriate, the stakeholders who are owners of the necessary data (e.g., contractors, tenants).
   Once the investment has been made, the Fund & Asset function, which has responsibility for managing the investment, then coordinates the collection of data for the calculation of PAIs: this data can be collected or defined during construction or provided directly by the tenants, if the property is already built (subject to the definition of specific reporting and collaboration clauses within the contractual agreements). If the data needed to calculate the indicators are not readily available, the most accurate estimates are used, based on previous years' performance if available or using consumption benchmarks based on properties with similar technical and physical characteristics.
3. **Calculating the indicators** – as for this first year, COIMA takes a specific approach: for some PAIs, data were collected at year-end and then provided estimates to define quarterly values based on the annual data collected, as is required within the Regulatory Technical Standards. In situations where there is an insufficient level of data available, the Fund & Asset function, with the support of the Sustainability Team, may have been using external providers.
4. **Data monitoring and historicization** – The data used to calculate the selected PAIs at the entity and product level are monitored and historicized, within specific databases that will be digitized by the IT function. Starting from this reporting, it has been possible to proceed with the comparison of data between the 2022 reporting and the current one related to the data covering the period 01.01.2023 – 31.12.2023.
5. **Data publication** – In line with the requirements of the SFDR, the Sustainability Team prepares a disclosure on PAIs by June 30 each year, which is published with the support of the Marketing and Communication function in a dedicated section of the website. The data from the PAIs are also used for the purpose of integrating ESG information into fund-related documentation, where applicable. These disclosures, in addition to reporting the values taken during the reporting period by the indicators, also describe the actions taken during the period and the actions planned for the next period to mitigate the main negative effects identified.

# Engagement policies

Investment preferences, as well as stakeholder engagement, are crucial elements of COIMA's business: collaboration is an integral part of all projects and is necessary to achieve the best results in the market and to be a catalyst in educating and communicating about ESG issues.

Through engagement with stakeholders COIMA aims not only to promote sustainability but also to reduce and mitigate the main negative effects on it derived from its investments. This culture is further developed with the involvement of contractors and service providers engaged in the building construction/renovation process, who are reminded of the importance of using environmentally sustainable and recycled materials as much as possible in order to promote economic circularity and the use of renewable sources. Employees, especially in the design phase, are guided in defining certain sustainability requirements that are set out in a "Development Brief" document and then requested from contractors and suppliers.

In meetings with tenants, where satisfaction with the management of the property is also measured, the aim is also to emphasize the need to adopt sustainable behaviours within their homes and offices by encouraging lower energy consumption wherever possible. Similarly, engagement with designers and architects aims to promote the reduction of energy use and greenhouse gas emissions through the development of buildings featuring advanced insulation and ventilation systems and the use of energy-efficient appliances/equipment.

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 every industry conference and event in order to steer the two groups toward increasingly sustainable investments. COIMA's commitment and alignment toward these directions in its value chain is embodied within COIMA's Sustainability Policy and Code of Ethics, both of which are available on the company's website.

# References to international standards

In order to fulfill its commitment to making the real estate market more sustainable, COIMA aligns its practices with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Human Rights, and the United Nations Global Compact, as well as recognizing the Principles for Responsible Investment (PRI), although it is not a signatory to them.
Alignment with these guidelines, which, among others, call for supporting a precautionary approach to environmental challenges, undertaking initiatives to promote greater environmental responsibility, and encouraging the development and diffusion of environmentally friendly technologies (see UN Global Compact), in addition to being supported by COIMA's sustainable investment strategy, is also ensured through the constant monitoring of metrics related to the chosen PAIs.
By way of example, with particular reference to environmental protection commitments, COIMA's efforts to mitigate climate change involve a reduction in Principal Adverse Impact "GHG emissions." On the other hand, the commitment to promote the development and diffusion of environmentally friendly technologies is correlated with the PAI values "Energy efficiency" and "Energy intensity."
Detailed information regarding alignment with international codes of conduct and standards can be found in the "Sustainability Policy", available on COIMA's website.

# Historical comparison

The historical comparison, conducted for the first time in this reporting, shows a general improvement in the performance highlighted by the impact indicators.
The share of exposure to fossil fuels (ref. Table 1, indicator 21) remained at zero, in line with COIMA's investment policies.
The percentage of exposure to energy-inefficient real estate assets (ref. Table 1, indicator 22) has decreased by approximately 16% compared to the previous year (from 38% to 32%). This variation is due to the simultaneous effect of several factors: (i) acquisition of buildings already efficient in terms of energy performance, (ii) divestment from inefficient assets, (iii) completion of buildings in the process of being transformed into efficient properties.
Regarding greenhouse gas emissions (ref. Table 2, indicator 18), there is an absolute increase in the portfolio of operational real estate attributable to two main aspects: the growth of the real estate portfolio under management, and the increase in the conversion factor of electrical energy into carbon dioxide emissions. In fact, the perimeter of the portfolio of operational real estate in 2023 has grown by over 30,000 square meters compared to the previous year, mainly distributed in the office and hospitality asset classes. The emission factor of electrical energy, on the other hand, contrary to the decarbonization programs of the national energy mix, has increased by 16%, from 0.252 kgCO2/kWh to 0.293 kgCO2/kWh due to the restructuring of energy sources for electricity production following the Russo-Ukrainian conflict, which has seen the return of a significant share of coal, a reduction in the renewable share from hydroelectric power due to a drought year, and a lesser contribution of transalpine nuclear energy relative to imported energy.

Finally, regarding the indicator of energy consumption intensity, there is an 8.6% reduction compared to 2022, and a 10% improvement in a like-for-like perimeter comparison.

# Annex - Tools used to support data collection

Excel files have been prepared and populated to support the collection of data useful for calculating PAIs for each underlying Fund and investment. The data was subsequently uploaded to a data analytics platform to facilitate an overall understanding of the data. The data, once the activity is up and running, will be stored in a dedicated IT platform for data storage.