



# **HIH Invest ESG Report 2024**

HIH Invest Real Estate GmbH

# **HIH**

# Introduction

## HIH'S OVERALL ESG TARGET

The HIH Group, comprising in particular HIH Invest Real Estate GmbH and HIH Real Estate GmbH, is firmly committed to integrating Environmental, Social, and Governance (ESG) principles across all facets of our real estate investment and asset management activities. Our objective is to generate sustainable, long-term value by achieving attractive financial returns while delivering positive environmental and social impacts.

## STRUCTURE OF THE HIH GROUP AND RESPONSIBILITIES IN ESG IMPLEMENTATION

For clarity and readability, this document refers collectively to the “HIH Group” or “HIH”, which comprises several subsidiaries. This ESG Policy primarily applies to HIH Invest Real Estate GmbH and HIH Real Estate GmbH.

The responsibilities relevant to ESG are allocated as follows:

- **HIH Invest Real Estate GmbH**  
Responsible for investment and fund management, HIH Invest focuses on ESG at the fund level, including client reporting, risk management, and alignment with international ESG frameworks and commitments.
- **HIH Real Estate GmbH**  
Acts at the asset level, overseeing asset management, ESG-related data collection and analysis, and the evaluation and integration of ESG improvement measures into asset-specific business plans.

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# 1 Prologue

In 2024, the European Union significantly advanced its regulatory framework for climate action, corporate sustainability, and ESG integration. Building on the objectives of the European Green Deal and the "Fit for 55" package, the EU reinforced its commitment to achieving climate neutrality by 2050, while Germany remains on course for its 2045 neutrality target.<sup>12</sup>

Key policy updates in 2024 include:

- **Sustainable Finance Disclosure Regulation (SFDR) Updates:** Further clarification and technical guidance were issued in 2024 to enhance the comparability and reliability of ESG-related disclosures. Financial market participants face increasing scrutiny regarding the credibility of their sustainability claims, especially under Article 8 and 9 funds.<sup>3</sup>
- **German Supply Chain Due Diligence Act (LkSG) Alignment:** Germany is in the process of revising its national due diligence law to align with the new EU CSDDD requirements, ensuring streamlined compliance and reporting across jurisdictions.<sup>4</sup>

These regulatory developments confirm that sustainability is no longer a voluntary add-on but a legal and strategic imperative. Financial actors are expected to steer capital toward sustainable assets and transparently report the environmental and social impacts of their activities. HIH Invest Real Estate GmbH ("HIH Invest") is firmly committed to integrating Environmental, Social, and Governance (ESG) principles across all facets of our real estate investment and asset management activities. Our objective is to generate sustainable, long-term value by achieving attractive financial returns while delivering positive environmental and social impacts.

To drive implementation, the senior management of the HIH Group established a cross-functional ESG team. This team pools expertise from across the organization, ensuring a coordinated, group-wide approach to ESG integration. At HIH Invest, the ESG team, led by Iris Hagdorn (Head of Sustainability), works closely with the senior management to shape and execute our sustainability strategy.

HIH has developed a comprehensive ESG Strategy guided by senior leadership, ensuring ESG is embedded across all operations. The company translates principles into tangible actions to create sustainable long-term value. Environmental goals focus on reducing carbon emissions and safeguarding natural resources. Social efforts promote inclusive, healthy communities with an emphasis on education. Governance is anchored in integrity and the integration of ESG across the investment lifecycle. HIH also aligns with international standards and evolving EU regulations to ensure transparency and accountability. Finally, ESG data is centralized and automated to enhance reporting quality and support continuous improvement.

On this foundation, HIH is ensuring to meet evolving legal and market expectations. Given the dynamic nature of ESG regulation in Germany and the EU, further legal clarification and iterative adjustments are anticipated.

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<sup>1</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en?](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en?)

<sup>2</sup> <https://www.reuters.com/sustainability/cop/germany-track-2030-climate-goal-future-targets-risk-government-advisers-say-2025-05-15/?>

<sup>3</sup> [https://finance.ec.europa.eu/publications/categorisation-products-under-sfdr-proposal-platform-sustainable-finance\\_en?](https://finance.ec.europa.eu/publications/categorisation-products-under-sfdr-proposal-platform-sustainable-finance_en?)

<sup>4</sup> <https://www.globalsupplychainlawblog.com/supply-chain/germanys-supply-chain-law-at-a-crossroads-the-implications-of-the-proposed-shift-to-the-csddd/?>

## 2 Gender-Inclusive Language

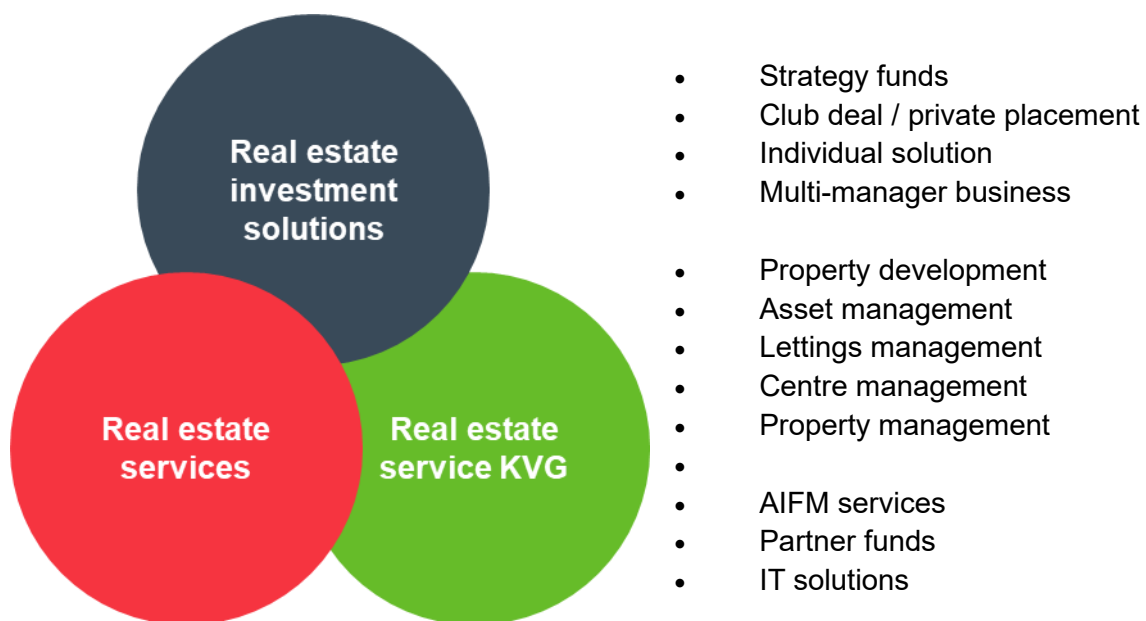
Our language shapes spaces and reflects, among other things, social realities. Topics such as gender equality, diversity, and inclusion have become integral parts of public discourse. It is important to us to communicate in an inclusive manner and to address our stakeholders in a way that ensures every individual feels acknowledged, regardless of their biological or social gender. In both our internal and external communications, we strive to use gender-neutral language.

### 3 HIH at a glance

HIH is one of Germany's leading providers of holistic management services for real estate investments. Our service spectrum covers the entire life cycle of a given property, extending from property development to the structuring of real estate investments and all the way to asset management and property management. We take pride in tailored investment solutions and an efficient investment fund administration. Our clients benefit from the extensive range of deliverables provided by each of our companies, the short lines of communication and the close collaboration within HIH.

The prompt implementation of regulatory, market-driven changes and a forward-looking digital investment management are part of our corporate philosophy.

With c. 75 billion euros in real estate assets under management and 936 employees in eleven different locations, we develop and control commercial real estate across Europe.



HIH provides all services around commercial real estate:

- Asset management
- Center management
- Rental management
- Project development
- Institutional advisory

All common types of usage:

- Office, retail. Hotel, logistics, living

Represented at nine different locations across Europe<sup>5</sup>

- Hamburg, Berlin, Dusseldorf, Frankfurt am Main, Munich
- Amsterdam, London, Luxembourg, Vienna



<sup>5</sup> Reference date: 31/12/2024

### 3.1 We provide real estate and investment competence at all levels

#### Real estate investment solutions

HIH Invest Real Estate finds, develops and controls real estate and investments under a forward-looking approach

#### Property management

HIH Property Management provides the entire spectrum of property management services for commercial real estate.

#### INTREAL, third-party AIFM

As third-party AIFM, we focus on the set-up and administration of property funds on behalf of third parties.

#### Property development

HIH Projektentwicklung executes new-build construction and extensive refurbishments of existing buildings.

#### Asset management

Our asset management services focus on the security and optimisation of income from real estate investments.

#### Centre management

The HIH Center Management takes care of shopping centres as well as of retail warehouse parks and local convenience centres.

#### Lettings management

The lettings management is your partner of choice for all property leasing topics.

**We are well versed in the art of trading:** Decades of experience, close proximity to real estate markets and tight networking enables us to identify real estate opportunities and to act on them quickly during the right market cycle.

**We pave the way for individual investment solutions:** We make our entire structuring, product development, property management and market development know-how available to our institutional investors to work out the proper investment solutions for them and to manage them long-term.

**We are committed to your real estate:** Our experts from the areas of asset and property management, letting and property development take a holistic approach to manage your properties, thoroughly familiar with every detail. We are never far from you, as we maintain ten locations across Europe.

We take on the challenges of tomorrow. The early recognition of market changes, the implementation of regulatory requirements and forward-looking digital management are part of our corporate philosophy.

### 3.2 HIH Invest-Real Estate Investments for institutional investors

HIH Invest is one of the leading investment managers for real estate in Germany and elsewhere in Europe. We find, develop and control real estate and investments under a forward-looking approach in the best interest of our clients.

Decades of experience, proximity to real estate markets and tight networking enable us to identify real estate opportunities and to act on them quickly during the right market cycle.



Around 260 institutional clients entrust their investments to HIH Invest. They benefit from the structuring, product development, property management and market development specialists we make available for the purpose of developing just the right investment solutions for them.

### 3.3 HIH-Invest ´s types of use and risk profile

We design individual, customised property investment solutions in all key sectors, in-demand risk classes, regions and countries.



Renewable Energies



Office



Logistics



Retail



Residential



Daycare centres



Hotel

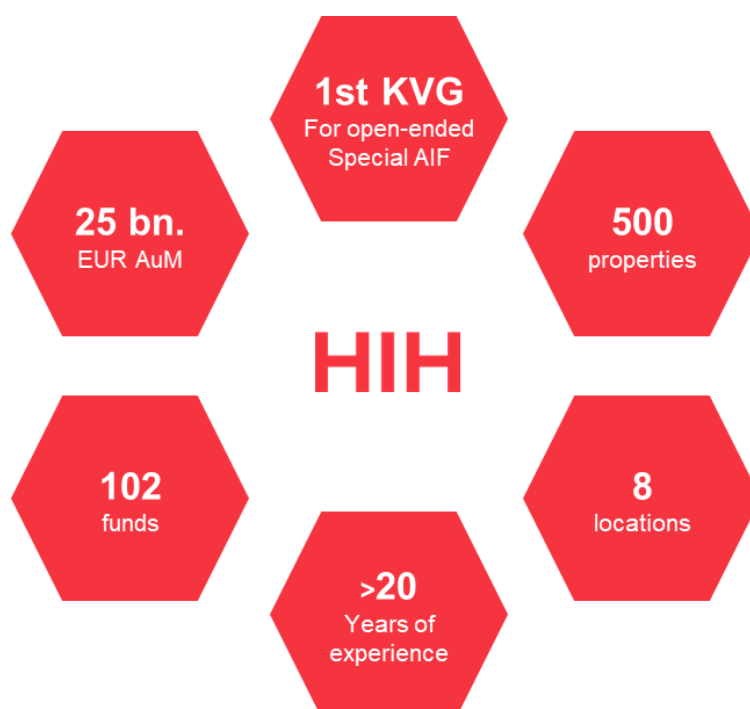


Healthcare

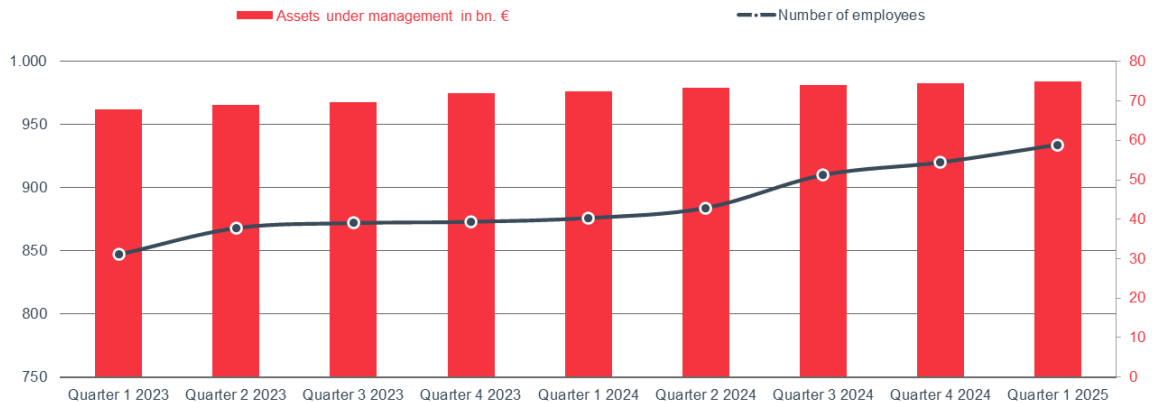
HIH Invest maintains a presence in ten different locations across Europe. As part of the HIH Group, we cover the entire real estate investment value chain with in-house capacities.

The early recognition of market changes, the implementation of regulatory requirements and forward-looking digital management are part of our corporate philosophy.

### 3.4 HIH-Invest in facts & figures



## From 15 to 75 billion EUR: Growth of the HIH-Group



Institutional investors feel at home with us – some of the business relations HIH Invest maintains started 20 years ago. Long years of experience have taught us to read the specific needs of our investor groups. Around 260 institutional clients have entrusted their capital to HIH Invest – for the acquisition of real estate and its integration into the requested investment solution.

### 3.5 Investment solutions

Market-oriented and tailored to actual investor requirements:

#### Strategy funds

- Research & market-based strategy development
- Risk-diversified property fund solutions with pre-defined investment strategy
- National, regional and sectoral focus; various risk classes
- Pool-, individual-, club funds

#### Bespoke solutions

- Fund solutions with one-off investment strategy to suit the needs of a given single investor
- Contribution and consolidation solutions
- Holistic management of properties and portfolios
- Individual funds and mandates

#### Club deals & private placements

- Acquisition of concrete single investments and portfolios
- Implementation of investments for a small circle of investors (club deal) or a single investor (private placement)

#### Multi-manager business

- Active management of indirect real estate investments, and umbrella fund management
- Selecting managers & products
- Reviewing investments and selection
- Individual risk-diversified investment strategies for one or several investors

## 3.6 Offices in Germany and Europe

Real estate investments for institutional investors: HIH Invest is one of the leading investment managers for real estate in Germany and elsewhere in Europe. We find, develop and control real estate and investments under a forward-looking approach in the best interest of our clients. Decades of experience, close proximity to real estate markets and tight networking enable us to identify real estate opportunities and to act on them quickly during the right market cycle.

## 3.7 HIH Invest expertise at a glance

### **Fund & portfolio management – long term know-how & strong performance:**

- Active management: Offering holistic, active management of real estate portfolios and funds
- Performance-driven: Implementing the investment strategies, always with an eye on the latest market developments
- Key account & control: Fund manager as central liaison office, controlling all value drivers & trades
- Over 20 years of experience: Delivering successful management and administration for more than 260 institutional investors
- Risk management: Managing risks autonomously & extensively as quality assurance for our fund management services

### **Thorough research – independent and definitive:**

- Pioneering strategies: Employing proven in-house experts for a thorough strategy development
- Eyes on the real estate markets: Monitoring & recognising developments in a dynamic market environment
- Quality assurance through investment validation: Making an independent research vote a key component of the investment process

### **International transaction management – strong sourcing & implementation:**

- Fast-trading: Over 1.5 billion euros worth of transactions are completed across Europe every year
- On location and tightly networked: Maintaining a presence on the ground in Germany and elsewhere in Europe with our ten branch offices
- Advanced market penetration: Long-term track record as a reliable acquisition partner

### **Asset management – proactive & value-driven to enhance your real estate:**

- Bespoke strategies: Experienced asset managers actively implement tailored real estate strategies
- Focus on value enhancement: Boosting real estate values from the holding period until the exit
- Sustainable income optimisation through active management of the real estate portfolios

### **Partner for institutional investors – tailored custom solutions:**

- Bespoke solutions: Investment funds and equity investment products are optimally calibrated to meet the economic and regulatory requirements of a given investor.
- Contributing and pooling direct and indirect real estate investments is one of our strengths
- From full-service option to selected one-off services: The range of deliverables is flexibly adapted to the needs of a given investor and mandate.

**Investment services – comprehensive range of deliverables for real estate funds:**

- Reporting: High-quality information updates for investors in line with applicable regulations and standards
- Structuring and administration: Fiscal, financial, legal and regulatory structuring competence and “best-in-class” investment fund administration
- Treasury: Handling all financing aspects of a property during its entire holding period

## 4 2024 in Review: Progress on HIH's ESG Path

During the reporting year, we made substantial progress in embedding the HIH ESG Strategy across all divisions and integrating it into our day-to-day operations.

### **ESG in real estate investment management**

In real estate investment management, we enhanced ESG integration by advancing into the second year of the HIH ESG Score. This process was optimized with improved quality controls, enabling a smooth transition of ESG results directly into financial planning and business plans. As a result, the impact of ESG measures is now clearly reflected in asset planning decisions, supporting more informed and sustainable investment choices.

Additionally, a growing number of assets underwent analysis by external experts, focusing on identifying potential energy savings, reducing CO<sub>2</sub> emissions, and improving CRREM stranding risk assessments.

### **Corporate Carbon Footprint**

HIH completed a comprehensive carbon footprint assessment, which provided valuable insights to guide CO<sub>2</sub> emission reduction opportunities within our operations.

### **Employee Engagement**

We also introduced the HIH Campus, an innovative online platform dedicated to personal and professional development. This platform offers a wide range of courses, from mindfulness at the workplace to specialized real estate management topics, and features extensive ESG-related content curated by our ESG team.

Our ongoing commitment to employee health and wellbeing continued with various initiatives. Moreover, we organized a variety of sports events, such as marathons and football competitions, fostering team spirit and employee engagement.

Company gatherings at Christmas and in summer further strengthened collaboration and camaraderie across the HIH subsidiaries.

In 2024 our employees chose to support the Hamburg animal shelter with the annual charity campaign.

### **ESG in corporate governance**

In terms of corporate governance, we maintained strict regulatory compliance, particularly with SFDR requirements, and published PAI statements based on thorough portfolio analyses.

Our commitment to recognized ESG frameworks remained unwavering, with continued participation in the UN Principles for Responsible Investment (PRI), the UN Global Compact, and GRESB in 2024.

To further support our ESG ambitions, we launched a project to develop an enhanced ESG data management system capable of meeting comprehensive reporting requirements, ranging from internal portfolio steering to regulatory disclosures and detailed client reporting.

Additionally, we refreshed our investor ESG reporting with an upgraded dashboard designed to improve transparency and accessibility for all stakeholders.



## 5 ESG Strategy

Responsible investing and sustainable asset management are core principles that guide all aspects of HIH's business. These values are consistently applied across every division of the company and are embedded in our long-term corporate philosophy. We place particular emphasis on managing our properties in a sustainable and efficient manner, while actively considering the interests of society, stakeholders, and the environment.

Our commitment to ESG compliance is firmly rooted in our strategic framework. We view regulatory adherence, proactive market adaptation, and forward-looking management as essential to our role as stewards of long-term investments. In this context, we contribute to the implementation of the Paris Climate Accord by pursuing economically sound measures to reduce energy and water consumption and lower carbon emissions.

### 5.1 HIH's ESG Commitment

Our ESG Strategy is structured around the following focus areas:

#### **Responsibility**

- Dedicated ESG team under senior management oversight
- Ensures ESG integration and strategic alignment across all business units

#### **Implementation**

- Translate ESG principles into concrete, actionable steps
- Focus on sustainable, long-term value creation in real estate operations and corporate activities

#### **Environmental**

- Reduce environmental impact and carbon emissions
- Enhance climate resilience and safeguard natural resources

#### **Social**

- Promote inclusive, healthy communities
- Focus on educational and learning environments
- Embed social responsibility in corporate culture and portfolio management

#### **Governance**

- Uphold professionalism and integrity
- Integrate ESG criteria across the full investment lifecycle and governance framework

#### **ESG Standards & Regulation**

- Align ESG approach with international standards and evolving national/European regulations
- Ensure transparency, comparability, and accountability

#### **ESG Data & Reporting**

- Centralize ESG data in an automated system
- Ensure data quality, reduce manual processes
- Provide real-time, tailored reporting for informed decisions and continuous improvement

In executing this sustainability approach, we aim to deliver high-quality products and services for our clients, safeguard shareholder value through long-term stability and balanced risk management, and offer our employees a productive work environment that supports well-being

and work-life balance. Furthermore, we offer our investors the opportunity to co-develop tailored sustainability strategies that align with their specific objectives and portfolio characteristics.

## 5.2 Aligning ESG Strategy with the Sustainable Development Goals

In 2024, HIH Invest reinforced its commitment to sustainability by strategically aligning its ESG activities with the United Nations Sustainable Development Goals (SDGs). The SDGs provide a comprehensive and globally recognized framework for addressing the most pressing environmental, social, and governance challenges. Over the past year, we have actively used this framework to guide our strategic direction and define actionable priorities across our corporate and fund-level ESG initiatives.

While we support the full scope of the SDGs, HIH Invest has identified three goals as particularly material to our business operations. These goals, selected for their relevance to our investment activities and stakeholder expectations, form the backbone of our ESG strategy and are embedded in both corporate and product-level decision-making.

Throughout 2024, we implemented a range of targeted actions that contributed directly to these priority SDGs:

### **SDG 3 – Good Health and Well-Being**

At HIH, the health and well-being of employees remains a top priority. A wide range of initiatives are implemented to promote a healthy work environment and support employee wellness. Beyond internal measures, HIH also takes a strategic investment approach that includes targeted products in the healthcare sector, thereby contributing to the development of community health infrastructure and the resilience of healthcare systems.

### **SDG 7 – Affordable and Clean Energy**

As part of its commitment to sustainability, HIH is actively working to reduce the carbon footprint of its real estate portfolio through the procurement of green energy. The company promotes the adoption of green leases, encouraging tenants to switch to renewable energy sources. In addition, HIH supports the deployment of rooftop solar installations, with a particular focus on large logistics properties where the impact is most significant.

### **SDG 13 – Climate Action**

Environmental responsibility forms the cornerstone of the HIH ESG strategy, with climate action identified as a key priority. The company integrates climate risk assessments into its investment decisions, ensuring resilience in the face of evolving environmental challenges. A strong emphasis is placed on measuring and systematically reducing the CO2 footprint across assets, reflecting HIH's long-term commitment to climate-conscious investing.

Our ESG actions in 2024 were not limited to individual projects, they were part of a structured and scalable approach. By aligning with the SDGs, we ensured that our ESG performance delivers impact while remaining transparent, measurable, and tailored to the evolving expectations of our investors and stakeholders. This strategic alignment strengthens our ability to future-proof our portfolio and to contribute meaningfully to global sustainability objectives.

## 6 Integration ESG in investment process

In 2024, we made decisive progress in embedding ESG principles across our entire business. We translated strategy into action by integrating ESG considerations at every stage of the real estate value chain and aligning all operational teams with clearly defined ESG responsibilities. This hands-on approach ensures that our sustainability commitments are not theoretical but drive real, measurable impact. Due to the characteristics of real estate, environmental themes take precedence in the investment process.

### 6.1 ESG in Product Development

We advanced our product development by launching and refining investment vehicles that align financial performance with environmental and social impact. Using a top-down strategy, we identified sustainable investment themes informed by the UN SDGs and emerging market trends. ESG objectives are systematically integrated into fund strategies, channeling capital into projects that address societal challenges while delivering long-term value for investors. Additionally, we expanded our product range with modular ESG strategies aligned with the Sustainable Finance Disclosure Regulation (SFDR), enabling tailored solutions that range from ESG integration to focused investment products.

### 6.2 ESG in Transactions

Every acquisition in 2024 underwent mandatory ESG Due Diligence from day one. We applied our proprietary HIH ESG Checklist and ESG Score to assess environmental, climate, social, and governance risks and opportunities. This structured assessment guided investment decisions, aligned new assets with portfolio sustainability goals, and safeguarded long-term asset value.

### 6.3 ESG in Fund Management

We defined ESG Focus Areas tailored to each fund, targeting improvements in energy efficiency, CO<sub>2</sub> reduction, and social impact. These areas guided management activities and ensured alignment with SFDR requirements where applicable. Climate risks—both physical and transitional—were incorporated via CRREM into fund risk frameworks. We enhanced transparency through ESG reporting dashboards and, upon request, enabled GRESB participation. Biannual updates from our Head of Sustainability kept investors informed on ESG performance and trends.

### 6.4 ESG in Asset Management

At the asset level, we operationalized ESG through a robust cycle of evaluation, planning, and implementation.

To further increase transparency and drive continuous improvement, we refined our internal ESG scoring model, which entered its second year of application in 2024. This framework enables consistent evaluation across five performance dimensions: the quality of building envelope and technical building services, energy efficiency, user comfort and safety, social performance, and governance/certifications.

The model allows for asset-level benchmarking, supports SFDR Article 8 fund classification, and provides a foundation for ESG reporting and optimisation strategies. Each asset and fund is now assigned a dedicated business plan that incorporates ESG considerations, enabling the development of actionable roadmaps and targeted improvement measures.

External desktop and on-site decarbonization audits pinpointed further improvement potential.

We strengthened tenant collaboration via green lease clauses, an ESG Tenant Guide, and ESG-integrated property management. Tenant satisfaction was regularly monitored through biannual surveys.

## 6.5 ESG in Development and Refurbishment

In all development and refurbishment projects ESG criteria were embedded from the planning phase. We prioritized low operational and embodied emissions, sustainable materials, and full-lifecycle ESG integration to ensure each project contributes to our broader sustainability goals.

## 7 Environmental: Decarbonisation priorities

In 2024, HIH accelerated its efforts to reduce environmental impact and enhance climate resilience across its portfolio. Recognising the urgency of the climate crisis, we focused on decarbonising our real estate assets through a systematic, data-driven strategy.

- **Climate Risk & Transition Analysis**  
We assessed physical and transition risks using geo-data, insurance databases, and CRREM pathways, aligning asset-level planning with Germany's Climate Act and net-zero targets.
- **Transparent Climate Reporting**  
Portfolio-wide results were shared with investors to enable benchmarking and track progress on decarbonisation and climate risk mitigation.
- **Asset-Specific ESG Business Plans**  
Each asset received a tailored ESG roadmap combining risk analysis, ESG Scores, and audit insights to drive improvements in energy performance and emissions
- **Clean Energy & Efficiency Measures**  
We expanded solar PV installations, promoted low-carbon heating solutions, and deployed EV charging stations across retail, office, and residential properties—prioritising feasibility and investor alignment.
- **Enhanced ESG Data Management**  
We strengthened ESG data quality through automation, expanded real consumption data coverage, and used EPC analysis to support CRREM-aligned decarbonisation planning.

### 7.1 Renewable Energy

In all landlord-controlled areas where HIH is responsible for procuring electricity, we ensure a 100% supply from renewable energy sources. This commitment plays a critical role in significantly reducing our carbon footprint and advancing our ambition for a net-zero carbon real estate portfolio.

We are committed to maintaining this full renewable electricity supply in the years ahead as part of our long-term decarbonisation strategy.

Additionally, for heating energy in landlord-controlled areas—and in all buildings where HIH is responsible for energy procurement—we purchase ecologically certified, carbon-neutral gas. In 2024, this measure alone resulted in 4,254 tonnes of CO<sub>2</sub> emissions avoided.

Together, these actions mark a strong step forward in aligning our energy management with our climate goals.

### 7.2 Portfolio Energy Performance

A key component of the company's sustainability assessment is the energy consumption and efficiency of its real estate assets. As part of regulatory disclosure requirements, we conducted an in-depth review of our property data. An initial data source for evaluating sustainability indicators is the Energy Performance Certificate (EPC), which provides information on a building's energy efficiency and assigns it an energy efficiency rating based on energy demand or consumption. These ratings range from A to H.

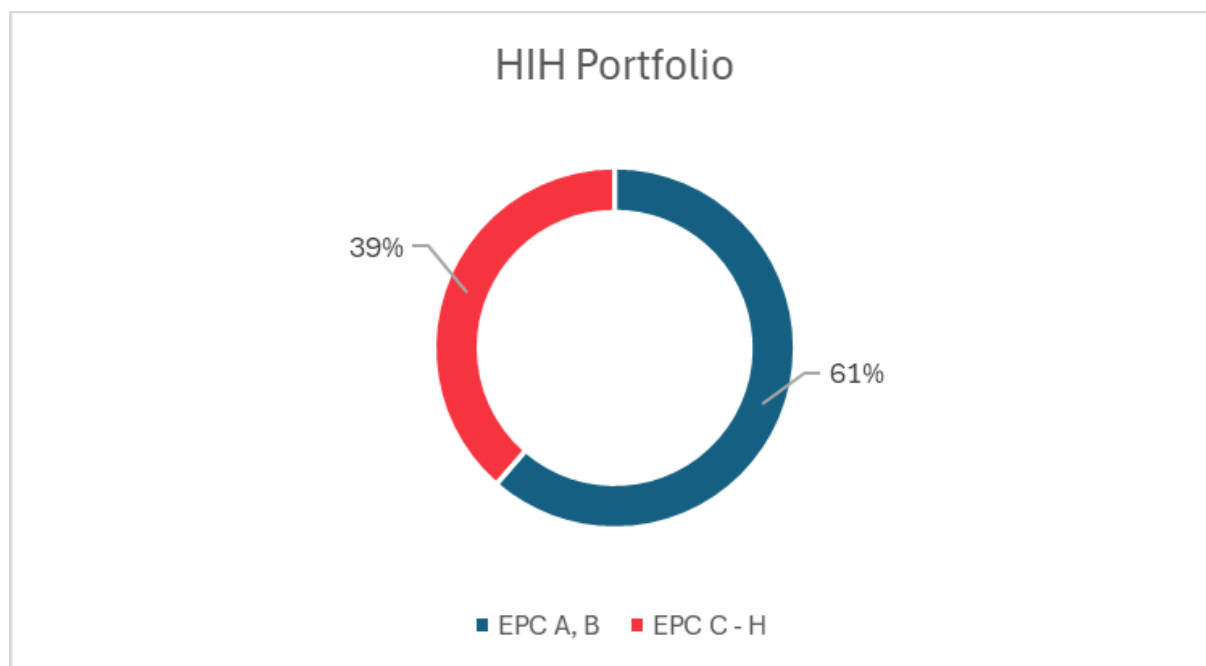


In cases where no official energy efficiency class is available (e.g., non-residential buildings in Germany), the classification was converted using a standardized methodology.

The EPC classification provides valuable insights into the energy performance of individual assets, helping to identify both high-performing and underperforming properties within the portfolio. It also serves as an important indicator of each asset's carbon footprint.

### **EPC Performance HIH Portfolio**

Reference date 31.12.2024



## **7.3 Principal Adverse Impact**

As part of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, we calculated and disclosed for the first time in 2023 the principal adverse impacts (PAI indicators) of our investment decisions on sustainability factors for the previous financial year. These indicators are also based on data from energy performance certificates. Specifically, we calculated and reported the percentage share of energy-inefficient buildings (measured by market value), the proportion of real estate investments with exposure to fossil fuels, and the overall energy consumption across the portfolio.

In determining the share of investments in properties with exposure to fossil fuels, we considered the rental share of assets whose primary use is directly related to the extraction, storage, transportation, or production of fossil fuels for consumption or use by third parties.

The energy inefficiency of buildings was calculated in accordance with the formula provided in the delegated regulation supplementing the Disclosure Regulation, known as the Regulatory Technical Standards (RTS).

## PAI KPIs 2023<sup>6</sup>

(2024 numbers currently in progress)

Fossil fuels	Energy-inefficient buildings	Energy consumption intensity
0,03 %	38,60 %	130 kWh/m <sup>2</sup>

## 7.4 CRREM Stranding Point Analysis

Transitional climate change risks for all properties in the HIH portfolio have been modelled using the Carbon Risk Real Estate Monitor (CRREM). This model compares the property's current and projected emissions intensity through 2050 (emissions pathway) with the required decarbonisation pathway needed to meet the Paris Climate Agreement targets.

In assessing the transitional risks of a property, we currently rely on data derived from Energy Performance Certificates (EPCs) due to the limited availability of actual consumption data.

A property is considered a "stranded asset" when its emissions pathway intersects with the decarbonisation pathway, indicating it no longer meets future energy efficiency standards or market expectations and may be increasingly exposed to premature obsolescence.

The calculated "stranding point" of a property significantly influences acquisition decisions (particularly within a sustainable investment strategy) and informs the timing and scope of energy-related refurbishments.

The CRREM model differentiates between two decarbonisation pathways, aligned with the temperature targets of the Paris Agreement: the 1.5°C target and the 2°C target. The following charts illustrate the share of stranded assets depending on the chosen decarbonisation scenario.

Our asset and fund managers use CRREM analysis to identify underperforming properties within their respective portfolios. These insights are complemented by the HIH ESG Score and additional ESG assessments, which together inform the development of targeted improvement measures.

## 7.5 Corporate Carbon Footprint Report

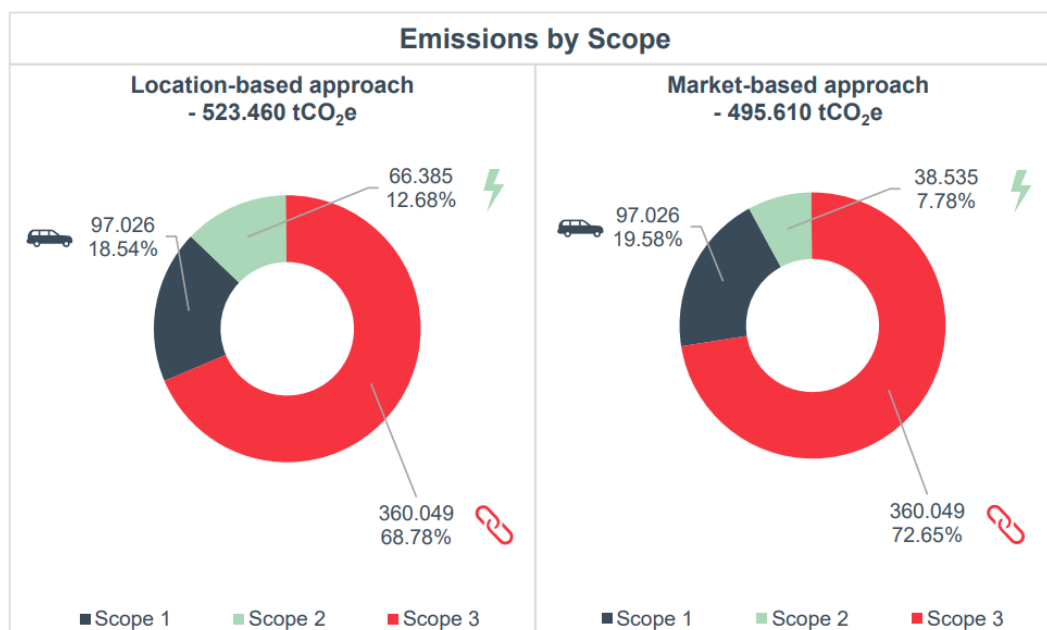
HIH aligns her environmental commitment with global standards and recognizes the importance of transparent emissions measurement and reduction. Therefore, we have worked in 2024 on the Corporate Carbon Footprint Report for the year 2023, to present our updated emissions profile, including refinements in scope 3 boundary identification to reflect additional emissions sources such as professional services, software and subscriptions, and catering.

The 2023 assessment reconfirms that scope 3 emissions - particularly from business travel and purchased goods and services - constitute most of our footprint.

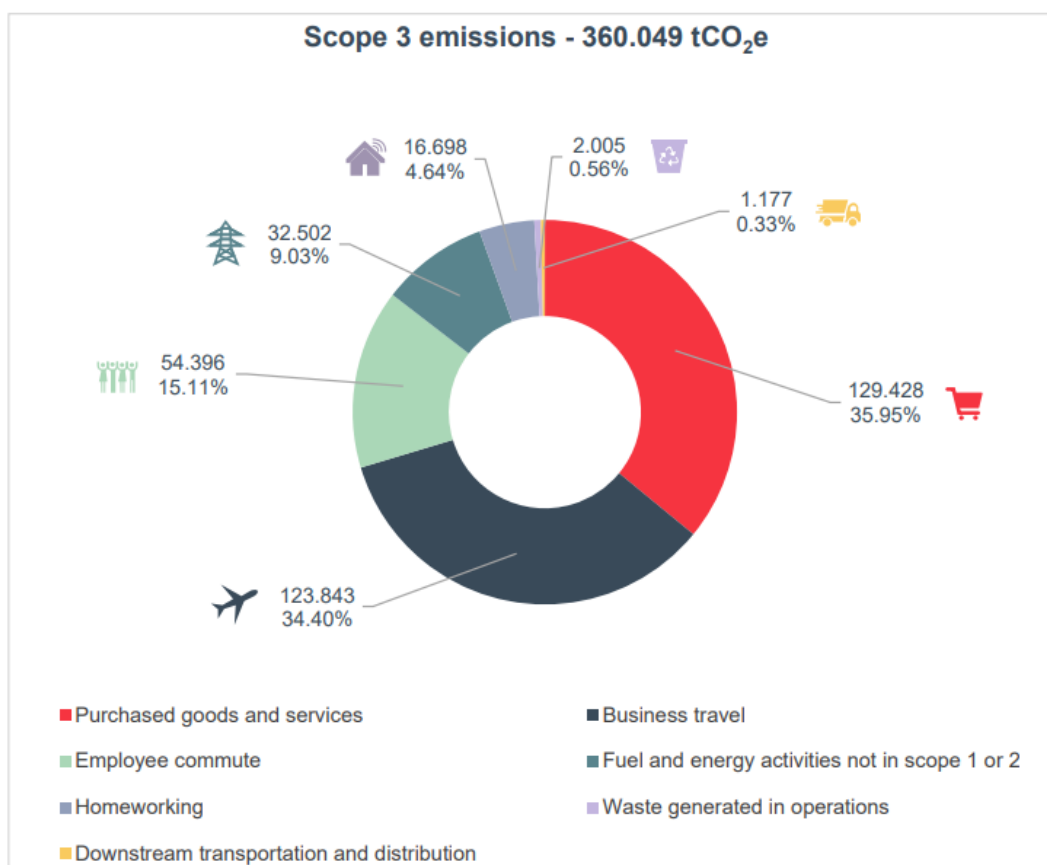
We are focused on improving data quality and assessing opportunities for emissions reduction, including efficiency measures and supplier collaboration. This reflects our ongoing efforts to strengthen emissions data collection and ensure a structured approach to sustainability management.

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<sup>6</sup> Details to calculation methodology: [https://hih-invest.de/wp-content/uploads/sites/2/2024/06/Erklaerung-der-nachteiligen-Auswirkungen-von-Investitionsentscheidungen-auf-Nachhaltigkeitsfaktoren\\_HIH-Invest\\_20240628\\_V1.0.pdf](https://hih-invest.de/wp-content/uploads/sites/2/2024/06/Erklaerung-der-nachteiligen-Auswirkungen-von-Investitionsentscheidungen-auf-Nachhaltigkeitsfaktoren_HIH-Invest_20240628_V1.0.pdf)



*HIH Invest's total emissions by scope – location-based approach and market based approach*



*Scope 3 emissions breakdown by category*

## 7.6 Sustainability in our HIH office

At HIH, environmental protection is a core value integrated not only in our operations but also in our daily office routines. We actively encourage all employees to contribute to sustainability

efforts. To ensure accountability beyond motivation, every employee includes the ESG objective of “conserving natural resources” in their individual performance goals, which are reviewed and evaluated annually with their supervisors.

**Below are some of the key sustainability initiatives in 2024**

We have replaced traditional birthday flowers with sustainable gifts: each employee receives a jar of regional HIH honey sourced from company-owned beehives located at the Außenalster.

- Sustainability criteria guide our procurement of marketing materials, focusing on avoiding single-use plastics and products with opaque supply chains.
- Emission factors are integrated into purchasing decisions to minimize environmental impact.
- We prioritize recycled paper for daily office use and select CO<sub>2</sub>-neutral options whenever available.
- Office supplies are ordered exclusively from vendors who avoid plastic packaging and use reusable shipping containers; we favor products designed for extended use, such as those with refillable features.
- We source regional, organic food for office consumption to support local producers and reduce environmental impact.
- Contract processing is primarily paperless, facilitated via DocuSign.

**Mobility Initiatives**

- We subsidize public transport tickets for our employees to encourage low-emission commuting.
- The JobRad program is supported to promote sustainable cycling.
- Flexible working hours and hybrid work arrangements enable employees to choose between remote and on-site work, reducing travel emissions.
- Environmentally friendly courier services are prioritized, with intra-city deliveries predominantly made by bicycle.

**Office**

Our Hamburg headquarters is located in one of the most sustainable office buildings in Hamburg, reflecting our commitment to environmental responsibility at every level, and is further equipped with sustainability-enhancing features, including:

- Motion-activated lighting
- Sensor-operated faucets
- Rainwater flushing systems in restrooms

## 8 Social

In 2024, HIH continued to foster a workplace culture rooted in inclusivity, safety, and mutual respect—one that supports both personal and professional development. We believe that a thriving organizational community is built on the pillars of employee well-being, lifelong learning, and a shared commitment to sustainable practices.

Our corporate values are enshrined in the HIH Code of Conduct, which in 2024 remained a cornerstone of our ethical framework. This Code reflects our continued alignment with international human rights standards, drawing on the principles of the International Bill of Human Rights and the European Convention on Human Rights. Furthermore, our actions were guided by the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Core Labour Standards of the International Labour Organization (ILO). These globally recognized frameworks shaped our internal conduct, informed our stakeholder engagement, and reinforced our commitment to responsible business practices throughout the year.

### 8.1 Diversity

To underline our binding goal both internally and externally, we have been a signatory of the German Diversity Charter since October 2023. The Diversity Charter is a German initiative that encourages companies to actively promote diversity and a discrimination-free working environment. By joining, our company expresses a clear commitment to diversity, equality, and inclusion. Through signing the charter, HIH commits to taking measures to promote diversity, eliminate prejudices, and create an inclusive work culture.

HIH Invest is committed to providing an inclusive, respectful, and fair workplace. We promote intercultural exchange and equal opportunity regardless of gender, background, or identity.

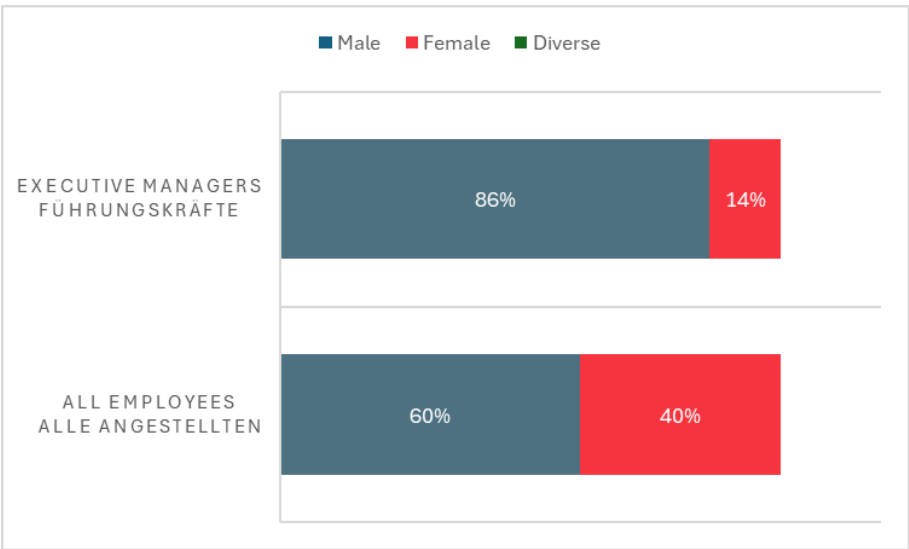
#### HIH Invest Diversity in Numbers

Reference date: 31.12.2024

##### Number of FTEs (Full Time Equivalent)

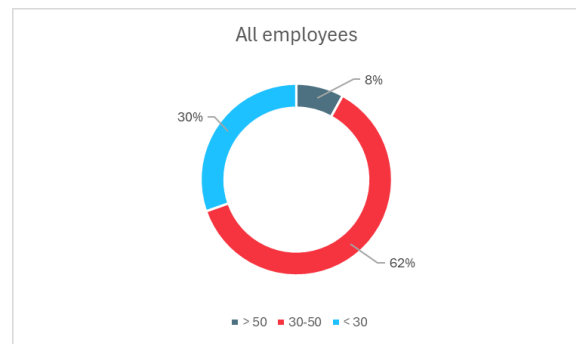
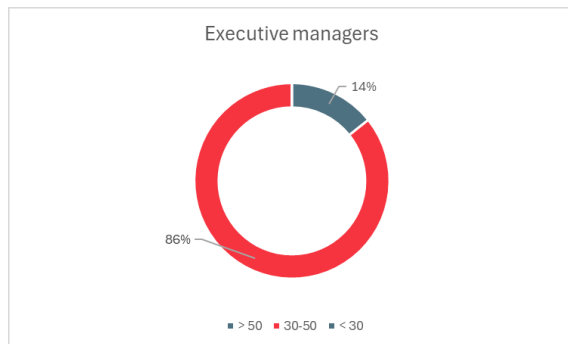
FTE	Male	Female	Diverse	Total
HIH Invest	86,9	41,5	0	128,4

##### Gender Ratio

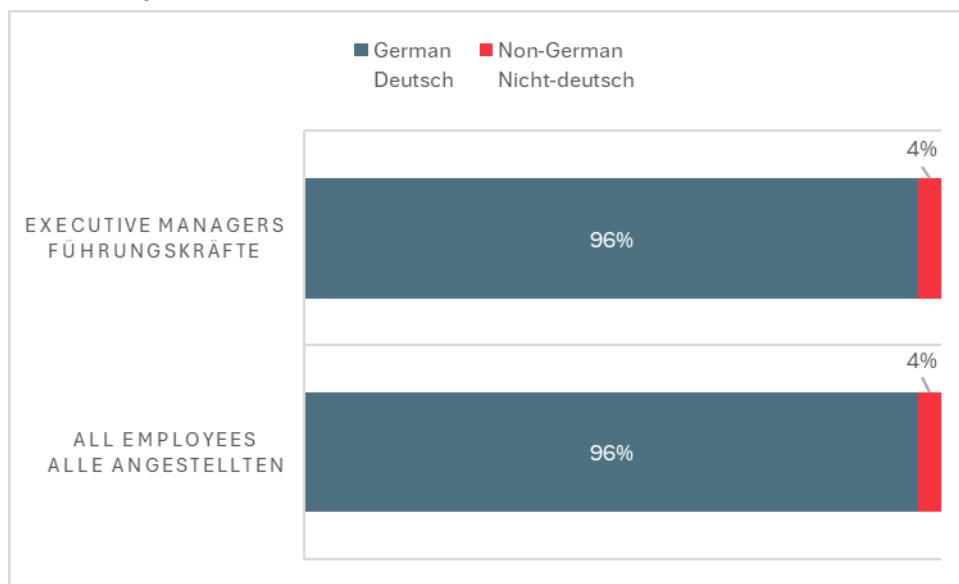




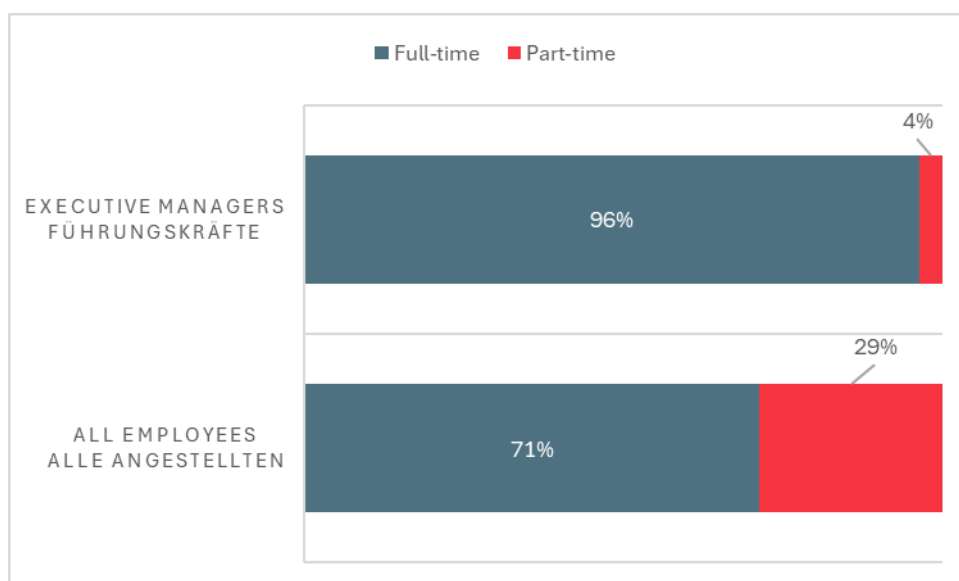
## Age Group Distribution



## Nationality



## Full-Time and Part-Time



## 8.2 Human Rights

We are committed to the ethical standards derived from the International Human Rights Charter and the European Convention on Human Rights. Equally, the UN Guiding Principles and OECD Guidelines, together with the ILO core labor standards, form essential foundations of our cooperation and are thus also a fixed part of our HIH Group commitment. Respect for universal human rights is embedded in our corporate strategy and Code of Conduct. We see it as our responsibility to identify, minimize, and ultimately prevent any negative impacts on human rights resulting from our business activities. If actual human rights violations are identified, we strive for transparent cooperation with the affected stakeholders and initiate appropriate remediation measures to ensure fair compensation. Any knowledge of actual or potential violations of universal human rights must be reported immediately.

All existing contracts were reviewed using an abstract risk analysis based on country and industry risks as part of the Supply Chain Due Diligence Act implementation. No actual risks in the areas of human rights and environmental protection were identified. Therefore, no new contractual relationships were reviewed during the reporting period.

## 8.3 Discrimination and Harassment

Our employees are legally protected from discrimination and harassment by the General Equal Treatment Act (AGG). All employees are required to sign a commitment to AGG compliance upon joining the company. We commit to adhering to these standards throughout our business operations. Any known or suspected cases of discrimination or harassment must be reported immediately. All employees have the right to equal, inclusive treatment by all stakeholders.

Every member of our group is personally called upon to promote an inclusive and equitable work environment. We enforce a “zero-tolerance policy” regarding discrimination. No incidents of discrimination were reported in the 2024 reporting period.

## 8.4 Health & Safety

HIH is committed to supporting the physical and mental health of our employees, empowering them to perform at their best in a workplace that values balance, safety, and personal development.

HIH invests in a supportive work environment through health management initiatives, ergonomic assessments, fitness programs, and workplace amenities such as healthy food options. We have provided a range of targeted support and services to promote a healthy work environment in 2024:

- Confidential consultation opportunity on health-related matters with the company doctor
- Video-based guidance on workplace ergonomics, including how to prevent back pain and optimize home office setups.
- Offer financial subsidy for screen-specific prescription glasses with a valid ophthalmologist's recommendation.
- Individual, confidential nutritional consultations with certified nutritionists, helping employees make informed lifestyle choices.
- Active lifestyle through subsidized memberships to various sports and wellness facilities.
- Participation in regular team sports events such as marathons to grow the sports community.

- Through our internal learning platform, we offer a range of workshops and resources, including:
  - Fit at Work – Working Healthily and Mindfully
  - Mental Health – Acting Mindfully in Everyday Work
  - Stress Management and Resilience
  - Understanding and Managing Burnout

The area of occupational safety and prevention includes all measures aimed at protecting the safety and health of our employees. This encompasses both social labor protection, e.g., maternity protection, youth labor law, working hours law—and technical labor protection, focusing on workplace safety. The corporate group collaborates with an external partner in this area: B·A·D Gesundheitsvorsorge und Sicherheitstechnik GmbH. B·A·D supports us with topics such as workplace assessments, vaccinations, screen work glasses, psychosocial risk assessments, and occupational health services.

Once per quarter, all persons responsible for occupational health management meet for a workplace safety committee meeting. Topics discussed include organizational changes, fire protection, first aid responders, ergonomics, and reported incidents.

During the reporting period, there were no fatalities due to work-related injuries or illnesses, nor any serious or otherwise documented occupational incidents or illnesses. We record commuting accidents (i.e., on the way to or from work), workplace sports injuries, and accidents occurring inside the office buildings.

## 8.5 Employee Training and Development

In 2024, we advanced employee development through structured annual evaluations, feedback sessions, and training programs, including IT, language, and soft skills. Leadership is expected to foster a culture of coaching, aligned with our "challenge and encourage" philosophy. New hires are supported through early engagement with HR and regular check-ins.

To support professional and personal development of its employees, HIH has offered a diverse portfolio of development opportunities over the course of 2024:

- Vocational training and dual study programs to provide a strong foundation for early careers
- Trainee programs designed for university graduates to transition into the professional world
- Student assistant roles that offer practical experience alongside academic studies
- Continuous learning opportunities for employees to build skills and advance their careers
- Digital campus library with a wide range of online learning resources accessible anytime
- Leadership development program to equip new managers with essential tools and capabilities
- Annual feedback dialogues to support personal growth and goal setting

By investing in talent at every stage, HIH ensures that our people are empowered to shape their careers and contribute meaningfully to our shared success.

The HIH Group's training offering is equally available to all employees, regardless of their position. We are particularly committed to supporting the continued development of our employees. That is why, in 2024, following an extensive and multi-stage selection process, we chose an online platform to host the HIH Campus. Here learning content can be distributed

across the entire corporate group, and communication with learners is significantly improved. The variety of content ranges from existing processes and work instructions to newly developed e-learning modules. This diversity makes it possible to address different learning styles, and learners can largely decide for themselves which areas they want to develop in.

## 8.6 Engagement employees

To assess employee satisfaction and identify opportunities for improvement, HIH conducted a comprehensive employee satisfaction survey in 2024. The insights gained from this survey are instrumental in our ongoing efforts to enhance the working environment and overall employee experience.

In addition to structured feedback mechanisms, we foster a strong sense of community through regular company-wide events. In 2024, HIH hosted festive Christmas celebrations and a large summer gathering, providing opportunities for all employees to come together in a relaxed and convivial setting.

Team-level engagement is also encouraged, with many departments organizing their own events. To enrich these activities, our Human Resources team offers tailored workshops focused on team building and collaboration, ensuring that such gatherings also support professional development and interpersonal connection.

Promoting health and wellness is another cornerstone of our corporate culture. HIH actively participates in a variety of sports events to strengthen team spirit and encourage a healthy, active lifestyle among employees. Highlights from 2024 include Hamburg Marathon, Hamburg Triathlon and Stadtpark Lauf in Hamburg. In addition, employees regularly join weekly sports sessions, such as badminton and running groups, fostering both physical wellbeing and team cohesion.

## 8.7 Remuneration policy and personal objectives

At HIH, employee compensation is individually negotiated and contractually defined. It typically consists of a fixed base salary and, in specific cases, a variable component. Our remuneration policy is designed to attract top talent and contribute to long-term performance enhancement, while avoiding any disproportionate risks to our clients, partners, and the company.

The agreed remuneration, along with the overarching compensation structure, is reviewed annually during the first quarter of each calendar year. This review evaluates salary benchmarks for comparable positions, assesses market competitiveness, and ensures the compensation system effectively contributes to employee satisfaction and retention.

However, employee satisfaction is not driven by financial incentives alone. At HIH, we place equal emphasis on a comprehensive health and pension program, as well as the cultivation of a supportive and socially cohesive workplace culture.

We are firmly committed to gender-neutral pay practices. Our recruitment processes focus solely on the skills and qualifications of each individual, ensuring equal opportunities for all.

To reinforce our commitment to sustainability, ESG principles are firmly embedded in both our employment contracts and our overarching remuneration policy. This integration ensures that employees' daily actions are consistently aligned with HIH's long-term environmental, social, and governance objectives.

As part of this approach, we have established a standard ESG target—focused on the protection of natural resources—that applies across the organization. In addition, employees

have the opportunity to define role-specific ESG goals during the annual target-setting and performance evaluation process, further embedding sustainability into individual accountability and professional development.

## 8.8 Charity

Our responsibility extends beyond the company. Each year HIH supports a charitable organisation, selected by HIH's employees, to support our community engagement.

HIH proudly donated to the Franziskus Animal Shelter in Hamburg during the 2024 Charity Selection. The donation will cover urgent veterinary costs, including a life-saving tumor operation for one of the shelter dogs. This donation was one of five awarded through HIH's 2024 Charity Selection, where employees voted to allocate donations to five chosen organizations from 23 nominations.

## 8.9 Employer Branding

We are motivated to continuously develop as a company in order to create good working conditions in the face of a skilled labor shortage and remain an attractive employer.

### **Annual Appraisals & Feedback Culture**

The aim of optimizing these processes is to establish and strengthen transparent and supportive communication structures between employees and management. Emphasis is placed on open dialogue and constructive feedback.

### **Revision of the Employee Evaluation Form**

The redesign and mandatory use of the evaluation form during annual reviews aim to enable a more objective and accurate assessment of employee performance and development potential.

### **Leadership Guidelines**

Updating the guidelines aimed at empowering middle management by delegating more responsibility to leaders. This included a clear definition of leadership roles.

### **Mandatory Training and Refresher Courses**

Mandatory training sessions are intended to ensure that managers are continuously developed in their roles and stay up to date with relevant competencies.

### **Leadership Selection & Onboarding Process**

The optimization of this process aims to ensure that managers are selected appropriately and successfully integrated into their roles.

### **Dealing with Mistakes & Conflicts**

Implementing a more effective error and conflict management approach promotes an open error culture and constructive handling of new challenges. To this end, a guideline was developed that describes a shared understanding for dealing constructively with mistakes and is intended to establish a culture of continuous improvement.

### **Ongoing Conflict Management Seminar Offering**

The introduction of a permanent seminar offering specifically for conflict management promotes the continuous development of employees and managers. Participation is mandatory for managers.



### **Equal opportunities**

We view our employees as the key source of our long-term business success. When recruiting new team members, we make decisions based on skills and competencies, regardless of personal background. Our goal is to establish equal opportunities at all levels of the company and to best support the individual talents of our employees.

### **Time management**

Within our working time management, we promote flexible scheduling within the contractually agreed weekly hours. These arrangements are based on trust and coordinated between team/department heads and employees. This enables an agile company culture that focuses on balancing family and work.

## **8.10 Stakeholder Engagement**

At HIH, we understand that driving meaningful progress across the full spectrum of ESG issues is an ambitious undertaking—one that requires collaboration and shared responsibility. For this reason, we are deeply committed to cultivating strong partnerships with all our stakeholders, including tenants, service providers, clients, and local communities.

In 2024, ESG topics were systematically addressed for every investment fund and each asset of interest during our annual—and in some cases, biannual—investor meetings. While these meetings serve as formal touchpoints, our fund management teams maintain ongoing, regular dialogue with clients throughout the year. ESG is a standing item on the agenda for all such discussions, underscoring its strategic importance across all investment decisions.

Beyond our direct client engagement, HIH employees actively participate in industry events to contribute their knowledge and expertise on real estate investment. ESG-related themes, now a central component of nearly every conference agenda, provide an essential platform for exchanging ideas and advancing sustainability across the sector.

## **8.11 Tenant engagement**

At HIH, we believe that active engagement with tenants is essential to advancing our sustainability objectives and enhancing overall performance. In 2023, we conducted a comprehensive external tenant satisfaction survey to gather structured feedback on critical aspects of our service delivery and property management. Building on this foundation, our 2024 tenant engagement efforts included a regular internal satisfaction survey, carried out during scheduled meetings with our largest and most strategic tenants. These ongoing dialogues provide valuable insights, enabling us to continuously refine our services and strengthen long-term tenant relationships.

In addition to fostering open dialogue, we promote a culture of shared responsibility through the implementation of green lease clauses in our rental agreements. These clauses formalize mutual sustainability commitments between HIH and our tenants, encouraging collaboration on initiatives such as energy efficiency, resource conservation, and environmentally responsible building operations. By embedding these expectations contractually, we lay the groundwork for long-term partnerships that support environmental stewardship.

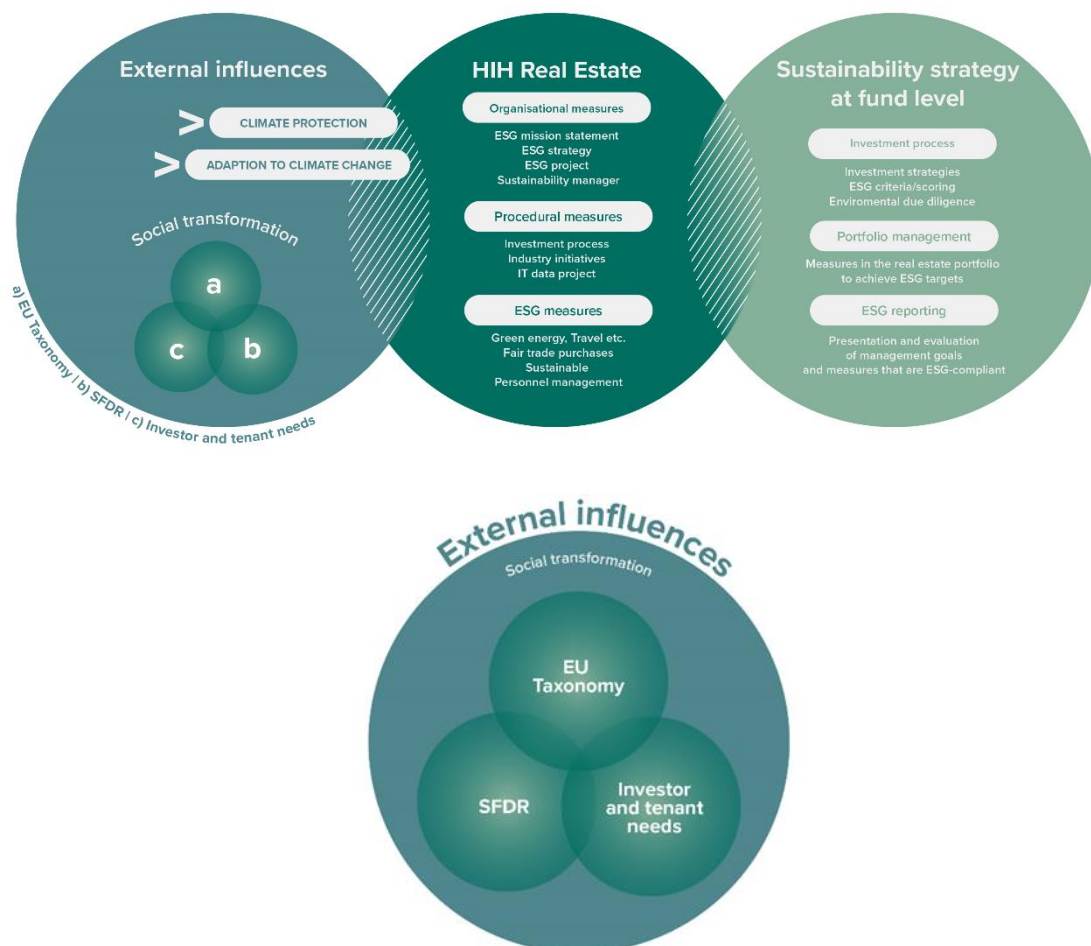
Together, these measures reflect our broader commitment to stakeholder inclusivity, operational excellence, and the integration of ESG principles into all facets of our business.

## 9 Governance

### 9.1 Aligned with Regulation, Driven by Responsibility

At HIH Invest, we embed sustainability across all levels of our business, from corporate management to investment processes and portfolio strategies. Our approach is fully aligned with EU regulations and reflects our broader responsibility to clients, society, and the environment.

We operate in a context where sustainability, particularly climate action, has become a top priority for policymakers and society alike. The direct impacts of the climate crisis are accelerating public acceptance of regulatory intervention, enabling the European Commission to drive forward its Green Deal with increasing speed and determination.



### 9.2 EU Green Deal and Regulatory Framework

A cornerstone of the EU's sustainable finance agenda, the Green Deal aims to redirect capital toward a climate-resilient economy. Central to this effort are two key regulations:

- **The Sustainable Finance Disclosure Regulation (SFDR):** In effect since 10 March 2021, the SFDR imposes binding transparency requirements on financial market participants and products, including real estate AIFs. It mandates disclosures on

sustainability risks, adverse impacts, and ESG integration at both corporate and product levels.

- **The EU Taxonomy Regulation:** Effective from 1 January 2022, the Taxonomy provides a common language for defining environmentally sustainable activities. It complements the SFDR by clarifying which investments contribute meaningfully to the EU's climate and environmental objectives.

Ongoing implementation of Level II measures (also called Regulatory Technical Standards – RTS) is further refining these frameworks, offering guidance on classification and reporting standards for sustainability performance. These include:

- Exact reporting templates and formats
- Definitions of key sustainability indicators
- Criteria for classifying investment products (e.g., Article 6, 8, or 9 funds)
- Rules on how to disclose Principal Adverse Impacts (PAIs)<sup>7</sup>

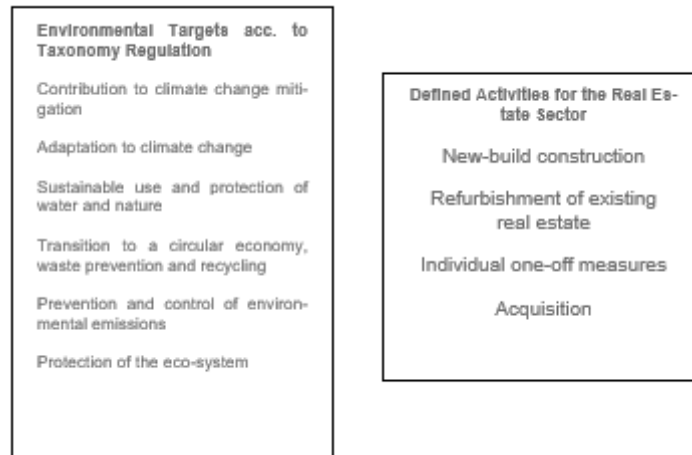
Product Level
<b>Basic products pursuant to Art. 6</b> Sustainability risks in the investment process
<b>ESG Strategies pursuant to Art. 8</b> Implementation of environmental and social characteristics in the investment strategy
<b>ESG – Impact pursuant to Art. 9</b> Implementation of sustainable targets in the investment strategy

## Strategic Implications for HIH Invest

These regulatory shifts are reshaping the financial landscape, presenting both challenges and opportunities. At HIH Invest, we view them as a catalyst to enhance our sustainability strategy and strengthen transparency with our investors. Clear ESG positioning and regulatory compliance are now essential to long-term value creation, and we are fully committed to delivering on both.

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<sup>7</sup> Cf. Art. 4, No. 1, Sustainable Finance Disclosure Regulation (EU) 2019/2088



### 9.3 Risk Management

At HIH, we systematically embed ESG considerations into our comprehensive risk management framework. This includes the evaluation of physical climate risks—such as exposure to extreme weather events—as well as transitional climate risks, notably the risk of asset stranding based on CRREM pathways. We also assess regulatory compliance related to Energy Performance Certificates (EPCs). These assessments are integrated both during the initial due diligence phase and throughout the holding period of each asset within our portfolio.

In parallel, we apply the proprietary HIH ESG Score at the asset level to evaluate overall sustainability performance. Additionally, we conduct annual assessments of the cost and impact of ESG improvement measures implemented at individual properties, ensuring that progress is measurable and aligned with our strategic objectives.

For investments managed by external partners, we extend our ESG oversight by systematically reviewing the ESG performance of external fund and asset managers. This ensures alignment with HIH's sustainability standards across all investment structures and supports a consistent, group-wide approach to responsible investment.

### 9.4 ESG Team Structure

In 2024, HIH continued to strengthen its ESG governance framework through the coordinated efforts of the central ESG Team. This multidisciplinary team, composed of representatives from all HIH divisions, played a pivotal role in driving the implementation of our ESG Policy and Strategy across the organization. By consolidating cross-functional expertise, the ESG Team ensured a holistic and integrated approach to sustainability management.

The Head of Sustainability, who holds a leadership role within HIH Invest, continued to report directly to the Management Board. This reporting line further embedded ESG considerations into the highest levels of strategic and operational decision-making.

Throughout the year, the ESG Team held regular briefings with the Management Board, providing updates on the execution of our ESG strategy. These sessions addressed key initiatives such as company-wide sustainability projects, asset-level best practices, evolving regulatory requirements, and benchmarking insights from peers and the broader market.

In 2024, ESG accountability was further institutionalized through the inclusion of ESG-related responsibilities in the personal targets of senior managers and operational leads. Where

applicable, ESG performance indicators were integrated into variable remuneration structures, reinforcing our commitment to aligning incentives with long-term sustainability objectives.

Additionally, the ESG Team continued its internal training program, delivering regular ESG sessions to build awareness and strengthen competencies across the organization. These efforts supported a deeper integration of ESG principles into daily operations and fostered a culture of shared responsibility for sustainable performance.

## 9.5 Engaging with Global and Industry Standards

In 2024, we reinforced HIH's commitment to ESG principles through active industry collaboration, transparent engagement with stakeholders, and the application of rigorous in-house standards across our operations and value chain.

In line with our dedication to responsible investing, HIH Invest continued its active participation in leading international and national sustainability initiatives. In 2024, we deepened our engagement with the following organisations and frameworks:

- United Nations Global Compact (UNGC)
- UN Principles for Responsible Investment (UN PRI)
- BVI Committees
  - Sustainability Committee
  - Working Group on Sustainability in Property Funds
  - Working Group on Responsible Investing

Through these partnerships, we contributed expert insights and helped shape the practical implementation of sustainability standards across the financial and real estate sectors.

Our alignment with the **UN Global Compact**—the world's largest corporate sustainability initiative—demonstrates our commitment to the ten universal principles and the **Sustainable Development Goals (SDGs)**. These serve as a foundational framework for our sustainability actions and reporting.

As a signatory to the **UN Principles for Responsible Investment (UN PRI)**, HIH Invest commits to integrating ESG considerations into our investment processes in a measurable and accountable way. In 2024, we continued to report transparently according to the PRI's standards, enhancing the comparability of our ESG performance for clients and stakeholders. The PRI framework not only strengthens trust through standardised disclosure but also serves as a valuable internal benchmark, enabling us to regularly assess and improve the effectiveness of our sustainability strategy.

HIH participates in the **Global Real Estate Sustainability Benchmark (GRESB)** at the request of our investors and uses the insights gained to continuously enhance the alignment of our fund strategies, policies, and processes. We are committed to improving our performance year over year to meet the evolving expectations of our investors. In 2024, HIH continued its commitment to transparency and sustainability by participating in the GRESB assessment with two investment funds, maintaining the strong performance achieved in previous years.

Furthermore, we continued to support the **BVI Code of Conduct** and the **ZIA Sustainability Code**, both of which inform responsible behavior in capital management, investor rights protection, and ESG compliance in the real estate industry.

### **Integrating Sustainability into Governance and Policy**

Internally, we have implemented policies that go beyond regulatory compliance. In 2024, we advanced initiatives focused on:

- Protecting employee health and wellbeing
- Fostering open dialogue with service providers, partners, clients, and local communities
- Promoting ESG-aligned practices across our supply chain through regular engagement and accountability

Our supply chain partners are expected to reflect our ESG principles in their operations, and we maintain ongoing communication to ensure alignment with our standards.

## **9.6 Corporate Governance**

### **Ethical Business Conduct**

We uphold the highest standards of integrity, guided by the UN Global Compact and the ILO Core Labour Standards. Our Code of Conduct reflects principles of fairness, transparency, and respect. In 2024, these principles were reaffirmed through executive training and compliance audits.

### **Risk Management and Whistleblowing Mechanism**

Our compliance framework actively manages risks related to legal, ethical, and operational conduct. The compliance team ensures adherence to internal and external regulations, covering areas such as anti-corruption, anti-money laundering, data protection, and employee conduct.

A whistleblowing mechanism provides safe, anonymous reporting channels for all employees and the public.

### **Responsible Tax Practices**

The HIH Group recognises its fiscal responsibility and complies with all applicable tax laws. Aggressive tax structuring is explicitly avoided. Our internal tax team works closely with regulators and auditors to ensure transparency and anticipatory compliance in all tax matters.

### **Investment Integrity and Exclusions**

We critically assess potential transactions involving sellers, buyers, or tenants associated with unethical or illegal activities. Engagements involving weapons, pornography, extremist affiliations, or other reputational risks are prohibited. Our due diligence practices reflect our commitment to maintaining ethical standards in all investments.

### **Compliance Guidelines**

HIH has established comprehensive compliance guidelines to ensure adherence to legal, regulatory, and ethical standards across all areas of its operations. The implementation and alignment with these guidelines are regularly monitored by the company's dedicated Compliance Manager.

The guidelines cover a wide range of critical topics, including:

- Regulatory compliance
- Anti-corruption and anti-money laundering

- Tax compliance
- Data protection
- Whistleblower protection
- Human rights
- Fair and transparent remuneration practices
- Prevention of discrimination and harassment
- Prohibition of child and forced labor
- Employees' right to freedom of assembly
- Environmental protection

These principles form the foundation of HIH's responsible business conduct and reflect our commitment to integrity, accountability, and sustainable corporate governance.



## 10 ESG Data Management and Reporting

In 2024, HIH made substantial progress in advancing its ESG data management and reporting capabilities, further aligning with our long-term objective: to centralize ESG data in an automated, high-quality system that supports real-time, tailored reporting for informed decision-making and continuous improvement.

At HIH, we uphold the principle that effective management begins with accurate measurement. Collecting ESG data across the real estate sector remains a complex, resource-intensive endeavor—particularly when factoring in indirect areas such as tenant-controlled spaces. Nonetheless, in 2024 we took meaningful steps toward a more integrated, transparent, and actionable ESG data infrastructure.

### **Building the ESG Data Infrastructure**

Over the past year, we intensified efforts to build a robust ESG data framework that will serve as a single source of truth across our operations. This initiative included the development of a modular architecture capable of aggregating and analyzing diverse ESG data streams, ranging from environmental performance and energy sourcing to HR-related indicators such as training and diversity.

As no existing off-the-shelf solution fully met our requirements, we continued our collaborations with multiple technology partners to co-develop a flexible, future-proof platform. Key milestones achieved in 2024 included the automation of several core data inflows, the implementation of quality control protocols, and the initial rollout of portfolio-level ESG analytics.

### **Enhancing Energy Data Collection**

We prioritized energy consumption data as a cornerstone of our ESG strategy. In 2024, we maintained full integration of owner-managed energy data into our ESG reporting structure and initiated the transition to a more sophisticated data consolidation platform.

Securing data from tenant-controlled areas remained challenging. To address this, we engaged in targeted discussions with tenants and launched pilot programs to improve data accessibility—always in full compliance with German data privacy laws.

### **Smart Metering Rollout**

Our efforts to enhance energy transparency included an ambitious rollout of smart metering technologies. The complexity of implementation, particularly in relation to stakeholder coordination and regulatory constraints, proved more substantial than anticipated. Key developments in 2024 included:

**Electricity and Gas:** Meter replacements progressed through independent metering service providers, with HIH managing contractual and operational coordination.

**District Heating and Water:** Rollout timelines remained contingent upon network operators, requiring close coordination to avoid unnecessary delays.

**Tenant Sub-Metering:** Installation in tenant spaces faced regulatory hurdles and structural complexities. Nevertheless, groundwork was laid for future deployment, enabling automated, privacy-compliant data collection once in place.

Once fully implemented, this infrastructure will support aggregated, remote-readable energy monitoring across the portfolio, benefiting both HIH and its tenants through improved transparency and efficiency.

**Digital Monitoring and Operational Efficiency**

We began to plan the equipment of larger assets with advanced building monitoring systems to support real-time energy management. Integration of this data into our ESG platform is ongoing and will support performance optimization across technical operations.

**Investor ESG Reporting**

We enhanced our investor reporting capabilities with the launch of a portfolio-level ESG Dashboard, offering stakeholders consolidated insights into key performance indicators. Current reporting includes CRREM alignment, EPC ratings, and climate risk assessments. In 2024, we began expanding the dataset and analytical depth to deliver even more value to our investor partners through real-time ESG insights.

In 2024, ESG data management moved from strategic aspiration to tangible progress. Through system development, cross-functional collaboration, and continuous improvement, HIH laid critical groundwork for a fully integrated ESG data architecture. These efforts will serve as the backbone of responsible investment management, enabling transparency, compliance, and lasting value across our portfolio.

## 11 On the Horizon: ESG Priorities for 2025

We are committed to continuously expanding our ESG expertise and capabilities by regularly reviewing and enhancing how we integrate responsible investment decisions throughout our investment lifecycle.

Anticipating tighter and more detailed legislation and regulatory requirements in Europe over the next two years, we will ensure that our investment funds remain fully compliant with evolving disclosure regulations for sustainable finance. In addition, we will closely monitor political developments to help shape the final criteria of the EU Taxonomy for real estate, actively engaging in the relevant discussions.

Our ESG team will focus on improving data collection and analysis, establishing robust foundations for informed decision-making. We will also enhance ESG reporting to meet and exceed industry standards, upgrading disclosures to align with the latest requirements. Progress in building automation will continue, with the goal of optimizing building operations and increasing energy efficiency. At the same time, we remain dedicated to developing client solutions that balance stable financial returns with meaningful environmental and social impact.

Beyond these targeted efforts, our broader ESG commitment extends to fostering a healthy and engaging workplace culture. We will advance our employee engagement programs, prioritizing wellbeing, work-life balance and employee education to strengthen our organization from within.

## 12Disclaimer

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