

AEW SAS

ANNEX I

Principal adverse sustainability impacts statement

Table 1
Statement on principal adverse impacts of investment decisions on sustainability factors
Financial market participant
AEW SAS 969500YGVBOJSOAM964

Summary

AEW SAS 969500YGVBOJSOAM964 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 AEW SAS 969500YGVBOJSOAM964.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024. It encompasses institutional and general public activities.

The Management Company considers the principal adverse impacts on the usual sustainability factors for property assets and are tailored to the funds, depending on the location of the buildings, the classification of the buildings, the type of building, whether new or existing, the size of the buildings and contractual provisions. These impacts may include:

- energy efficiency,
- the activities of the tenants in connection with fossil fuels,
- biodiversity (land artificialisation).

When carrying out studies with a view to the fund acquiring an asset, the impact of the asset on these sustainability factors is assessed and, during the management period, an action plan is implemented to reduce these impacts. In accordance with contractual provisions, a specific resources and impact report may be produced and sent to investors. These reports are distributed at variable frequencies, which may be quarterly, half-yearly or annual.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in property assets

Adverse sustainability indicator		Metric	Impacts 2024	Impacts 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through property assets	Share of investments in property assets involved in the extraction, storage, transport or manufacture of fossil fuels	0.16%	1.17%	These are assets equipped with gas stations by tenants. The ratio is calculated on property assets only, based on the total value of property assets in Article 8 or 9 funds (12.5 billion € AUM)	No specific measures other than monitoring compliance with regulations, where this is a tenant activity.
Energy efficiency	18. Exposure to energy- inefficient property assets	Share of investments in energy-inefficient property assets	76.39%	78.30%	Based on the EPC ratings of the buildings. The ratio is calculated on property assets, based on the total value of assets classified Article 8 or 9 funds (12.5 billion € AUM)	Depending on the fund, action is being taken to reduce energy consumption and therefore improve EPC ratings.

Other indicators for principal adverse impacts on sustainability factors

Adverse sustainability indicator		Metric	Impacts 2024	Impacts 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Biodiversity	22. Land artificialisation	Portion of non-plant surface area (soil area without vegetation, as well as rooves, terraces and facades without plant growth) across the total surface area of the plots of all assets	86.63%	85.65%	Percentage in weighted value of the value of the property assets based on the total value of the property assets of the funds article 8 or 9 (12.5 Billion € AUM)	Where possible, measures to remove land from car parks.

Indicators applicable to investments in debt claims (Private Debt in Infrastructures activity)

Adverse sustainability indicator	Metric	Weighted effects of the value of funds 2024	Explanation	Measures taken, measures planned and targets set out for the following reference period
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Greenhouse gas emissions	1. Greenhouse gas emissions	Emission in tCO ₂ e	5 686 625	Rate of cover weighted by the value of the funds: 95 % (data collected by our external consultant)	The data relating to PAIs [principal adverse impacts] 1, 2 and 3 regarding Greenhouse Gas Emissions are calculated by an external consultant specialising in the calculation of carbon emissions and the calculation of the temperature trajectory. They are based on the data collected by firms receiving investments or failing that based on estimated data (Ciara methodology).
Greenhouse gas emissions	2. Carbon footprint	Carbon footprint in tCO ₂ /M€ invested	290	Rate of cover weighted by the value of the funds: 95 % (data collected by our external consultant)	
Greenhouse gas emissions	3. Intensity of greenhouse gas emissions	Intensity of greenhouse gas emissions in tCO ₂ /income from invested companies	2 232	Rate of cover weighted by the value of the funds: 95 % (data collected by our external consultant)	
Greenhouse gas emissions	4. Exposure to business from the fossil fuels sector	Portion of businesses from the fossil fuels sector	2.7%	Rate of cover weighted by the value of the funds: 100 %	For all investments, subject to the applicable methodology and with the support of our external consultant, we calculate the temperature trajectory and the 2°C alignment with the Paris Agreement.
Greenhouse gas emissions	5. Portion of energy non-renewable in consumption and production	Portion of non-renewable energy in consumption and production	37%	Rate of cover weighted by the value of the funds: 56% (data collected directly from firms receiving investment)	The exclusion policy involves not investing in companies which are active in the fossil fuel sector. No minimum exclusion threshold with the exception of : Exclusion of 1/entities involved in the transport of coal provided that income arising from coal does not exceed 10% of their turnover and 2/entities involved in standard gas and oil provided that the income arising from the standard oil and gas does not exceed 20% of their turnover
Greenhouse gas emissions					Qualitative analysis of the indicator when this is relevant

Emission of greenhouse gas	6. Intensity of energy consumption by high-impact climate sector	Intensity of energy consumption by high-impact climate sector in GWh/M€ of income of invested companies	0.8	Rate of cover weighted by the value of the funds: 30% (data collected directly from firms receiving investment)	Qualitative analysis of the indicator when this is relevant
Biodiversity	7. Activities negatively impacting the biodiversity of sensitive areas	Portion of activities negatively impacting the biodiversity of sensitive areas	3.8%	Rate of cover weighted by the value of the funds: 61% (data collected directly from firms receiving investment)	We qualitatively analyse the impact of our investments on biodiversity and we check whether appropriate impact assessments and potential mechanisms are in place in order to monitor and minimise the impact of plans on flora and fauna.
Water	8. Emission into the water	Issue into the water in tonne/M€ invested	0	Rate of cover weighted by the value of the funds: 48% (data collected directly from firms receiving investment)	We qualitatively analyse this indicator when this is relevant and we check whether appropriate impact assessments and potential mechanisms are in place in order to monitor and minimise the impact of plans on water (waste in the water)
Waste	9. Hazardous and radioactive waste	Hazardous and radioactive waste in tonnes/M€ invested	2 026	Rate of cover weighted by the value of the funds: 52% (data collected directly from firms receiving investment)	We qualitatively analyse this indicator when this is relevant and we check whether appropriate impact assessments and potential mechanisms are in place in order to monitor and optimise the management of hazardous and radioactive waste.
Social subjects and employees	10. Violation of human rights	Portion of investments in businesses which have infringed the principles of the Global Compact of the United Nations (UNGC) or the Guiding Principles of the OECD for the intention of Multinational Companies	0%	Rate of cover weighted by the value of the funds: 57% (data collected directly from firms receiving investment)	The exclusion policy means not investing in borrowers or issuers who are labelled as "Worst Offenders" and are defined as companies who have proven infringement of the international rules such as the principles of the Global Compact of the United Nations and the guidelines of the OECD for multinational companies and as identified by our supplier of non-financial data who specialises in the identification of disputes.
Social subjects and employees	11.	Portion of investments in businesses which have not put in place policies which aim to monitor adherence to the UNGC or the Guiding	3.9%	Rate of cover weighted by the value of the funds: 55%	

	Absence of policy as regards human rights	Principles of the OECD for Multinational Companies		(data collected directly from firms receiving investment)	
Social subjects and employees	12. Pay gap between the sexes	(%) Average pay gap not corrected between men and women within firms receiving investments	17.6%	Rate of cover weighted by the value of the funds: 48% (data collected directly from firms receiving investment)	
Social subjects and employees	13. Diversity within the boards of directors	Average women/man ratio in governance bodies of the companies in question, as a percentage of the total number of members (%)	14,5%	Rate of cover weighted by the value of the funds: 58% (data collected directly from firms receiving investment)	
Social subjects and employees	14. Exposure to controversial weapons	Portion of investments in businesses involved in the manufacture or the sale of controversial weapons	0%	Rate of cover weighted by the value of the funds: 100%	The exclusion policy involves not investing in companies which are tied up in controversial weapons
Additional PAIs	15. Portion of waste not recycled	Portion of waste not recycled in tonne/ M€ invested	119	Rate of cover weighted by the value of the funds: 36% (data collected directly from firms receiving investment)	
Additional PAIs	16. Investment in businesses without risk prevention policy	Portion of investments in businesses who do not have a policy for the prevention of accidents in the workplace	5,9%	Rate of cover weighted by the value of the funds: 61% (data collected directly from firms receiving investment)	

Description of policies which aim to identify and rank the chief negative effects on sustainability factors

AEW the management company has fewer than 500 employees and specialises in the management of property investment funds (property AIFs). It has followed a responsible investment policy since 2018 under which ESG (environmental, social and governance) criteria are integrated into investment decisions, asset management practices and development decisions. The key environmental and social criteria included in AEW's policy are as follows:

1. Consumption of energy from non-renewable sources
2. Greenhouse gas emissions
3. Water consumption
4. Impacts on biodiversity
5. Production of waste and non-recycled waste
6. Forecast climate risks
7. Natural risks especially flooding
8. Respect of human rights
9. Respect of diversity and equality

In terms of governance, AEW invests mainly in property assets through funds that it directly manages. In managing the funds, AEW incorporates strong governance principles based on the best international standards, including the PRI since 2009, and the governance policies and, in particular, the ethical policies of the NATIXIS group. AEW is assessed annually by the PRI and GRESB on its compliance with these policies, in addition to the spot checks carried out by its internal compliance department and Natixis IM's internal audit department. AEW ensures, when selecting its main service providers and through its internal controls, that they comply with all its ESG commitments. Accordingly, the principal adverse impacts are identified and prioritized based on scientific knowledge. They are also prioritized based on our experience of the impacts gained as a property manager, depending on the characteristics of the funds, their classification, the location of the buildings, their use and depending on investor preferences and their sustainability commitments. They are regularly updated to reflect changes to the previous criteria. Responsibility for implementing the fund's SRI policy and ESG strategies lies with:

1. AEW's SRI committee in Europe, in terms of vision and coordination at the European level
2. the management bodies, in terms of supervision of AEW and the funds under management
3. the fund managers and SRI team, in terms of the supervision of each fund
4. the investment team and the asset management team, in terms of implementation
5. the compliance department and the risk department, in terms of controls

The data relating to the principal adverse impacts is produced by specialist third-party experts depending on the issues, energy, climate, etc. These specialists carry out studies and specific measurements for buildings in order to assess these impacts and make recommendations to reduce them. Further details can be found in the AEW website's PAI statement policy available at: <https://www.eu.aew.com/aew-sarl>

Private Debt Activity in Infrastructure

The funds take into account the principal adverse impacts on sustainability factors (Principal Adverse Impacts – PAIs) 1, 2, 3 and 4 under the meaning of Annex 1 of the regulatory technical standards (RTS) SFDR. The funds aim to limit the impact of the investments on greenhouse gas emissions by excluding the sectors which are linked to extraction, combustion, transport or the storage of oil, coal and/or gas (PAI 4). The funds also report on emissions of GES (PAIs 1, 2, 3) by investment and at the level of each fund.

The data relating to PAIs 1, 2, and 3 regarding emissions of GES are calculated by an external consultant specialising in the calculation of carbon emissions and the calculation of the temperature trajectory. They are based on data which has been collected from firms receiving investment or failing that they are based on estimated data (Ciara methodology).

Subject to access to information from the borrower and when this is relevant, the funds generally intend to limit their investments which have an adverse impact on the basis of other PAI indicators as set out by the RTS SFDR. The data collected directly by borrowers are assessed by an external consultant.

Engagement policies

AEW invests in buildings and, as such, implements an engagement strategy not with emitters but with stakeholders connected to the buildings under management.

The main stakeholders are property managers, tenants and construction companies. AEW's PAI statement includes details of the engagement policies applicable to the fund, it can be accessed at the following address <https://www.eu.aew.com/aew-sas>. And https://www.aewpatrimoine.com/sites/default/files/2023-01/221230%20SFDR%20-%20AEW%20France-PaiStatement-VFinale_0.pdf

Private Debt in Infrastructure Activity

The engagement policy which applies to these funds is detailed in the engagement policy which can be found at the following address :<https://www.eu.aew.com/aew-sas>

References to international standards

AEW is a signatory to the United Nations Principles for Responsible Investment (PRI), the first principle of which is to incorporate sustainability risks as well as principal adverse sustainability impacts into investment decisions. In this respect, AEW is assessed and rated each year on its governance and overall policies. AEW's PAI statement includes details of references to international standards, it can be accessed at the following address <https://www.eu.aew.com/aew-sas>.
