



ESG REPORT 2021

THE REAL ESTATE INDUSTRY
PLAYS A SIGNIFICANT ROLE IN
SOCIETY, IMPACTING BOTH THE
NATURAL ENVIRONMENT AND
THE COMMUNITIES WITHIN.

We recognise that our industry can have negative long-term impacts. To address these concerns, we have adopted ambitious environmental, social, and corporate governance (ESG) targets to align our business goals with our sustainability ones. This annual report provides a holistic view of our progress and commitments made towards our environmental, social, and governance objectives. In keeping with our commitment to apply the most robust sustainability reporting guidelines, this report has also been developed in accordance with the 'Core' requirements of the Global Reporting Initiative (GRI) Reporting Standards.

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ESG REPORT 2021

OUR JOURNEY IN SUSTAINABILITY

Click here for further
information on the GRI
Standards or the latest
ESG Reports.





RENÉ PARMANTIER
CHIEF EXECUTIVE OFFICER, CORESTATE

At Corestate, ESG is more than a compulsory programme and not an end in itself. Like financial compliance standards, ESG is becoming a standard consideration. For us, environmental, social and governance issues concern us all and are close to the heart of Corestate's Management Board, not just on the refinancing side, through green bonds and promissory notes, but also as a part of our thinking in every individual property – if it isn't already. ESG therefore permeates throughout our entire Group. Our attitude towards ESG remains strong as we



WHAT WE HAVE ACHIEVED LAST YEAR

- We have over-achieved our emission and energy targets as outlined in our environmental chapter
- Launched our ESG due diligence process to address physical climate risks and transitory risks already during the acquisition phase and offer sustainable products aligned with the Sustainable Finance Disclosure Regulation
- We take our role as a responsible employer very seriously. This is why we are driving the employee wellbeing programme forward. We want our employees to feel good, and especially to me as CEO that is a matter to the heart
- Strengthened leadership and diversity initiatives by expanding our internal employee networks and promoting diversity at all levels within the company
- Made a positive impact on the communities in which we work by supporting local organisations

Our ambition to establish Corestate not only as a market leader in its segments, but also as a leading sustainable company for all stakeholders, illustrates how seriously we take our goals.

That is why, among other things, we became a member of the UNPRI (PRI) in February 2019, committing to the Principles for Responsible Investments, a United Nations (UN) initiative.

As a PRI member, Corestate is committed to maintaining high standards for ESG management in its portfolio. Based on the Principles of Responsible Investment we have defined an ESG strategy laying out a structured process to ensure that sustainability is embedded in our business by defining twelve corporate sustainability goals, having a dedicated ESG team to incorporate ESG in our investment decisions, reporting and asset management. To achieve our sustainability goals, we have developed a structured, holistic ESG approach along the entire life cycle of a real estate investment. Already in the acquisition and development phase of new assets, ESG criteria are integrated as part of the environmental due diligence process. With our new investment policy, we can provide investors with crucial quantitative information on sustainability and compliance with ESG regulations as early as the property purchase review stage. Our solution is thus a fundamental prerequisite for investment planning and enables our customers to implement their sustainability strategy in a simple way. In this way, we make an important contribution to future-proof real estate management.

We believe that we need to network closely both within and outside the industry to drive ESG integration. We are committed to applying best practice standards to achieve reliable sustainable investments. On this basis, we report transparently and regularly on the performance of investment vehicles and funds. We continuously review the framework to be prepared for higher ESG standards. We will pay particular attention to climate risks, energy efficiency and the emissions of the managed portfolios. We have professionalised our ESG efforts enormously over the past two years thanks to the commitment of our dedicated ESG team, and we will continue to do so with great energy. We hope you will enjoy reading about the progress we have made in our ESG journey.

WE FIGHT CLIMATE CHANGE

“
IT IS NOT ONLY FOR
WHAT WE DO THAT WE
ARE HELD RESPONSIBLE,
BUT ALSO FOR WHAT
WE DO NOT DO.
(MOLIERE)

Can responsibility be expressed in a number? More than a third of all CO₂ emissions in Germany are attributable to existing buildings - accordingly, the real estate industry has a great responsibility to do its part to reduce emissions and achieve the EU climate targets.

For us, measurability is the key to making our assets and portfolios more sustainable. That's why we are driving forward the digitisation of our building stock with great commitment. Because it is only on the basis of reliable findings that optimisation measures are not distributed inefficiently but are rather implemented systematically in order to maximise the benefit.

OUR PROGRESS

TARGET REDUCTION
BY 31.12.2020*

ACHIEVED REDUCTION
BY 31.12.2020*

CO₂

ACHIEVED:
-8%

TARGET:
-2%



WASTE

ACHIEVED:
-2%

TARGET:
-2%



ENERGY

ACHIEVED:
-7%

TARGET:
-5%



WATER

ACHIEVED:
-14%

TARGET:
-2%



*Compared to 31.12.2019

OUR ENVIRONMENTAL PROGRESS

ONE

REDUCE CO₂ EMISSIONS PER SQUARE METRE BY 2% ANNUALLY AND BY AT LEAST 20% BY 2025

RELEVANCE

Houses, offices, schools, or other public buildings are the largest energy consumers in the European Union and responsible for more than one-third of CO₂ emissions.

MANAGEMENT

Digital energy management systems are the central lever for reducing energy consumption in a building. Additional resources have enabled us to accelerate the complex process of digitising our building stock and transferring our consumption data to a central data platform. In addition, in accordance with our new ESG investment guidelines, we identify potential improvements in an asset's CO₂ emissions at the time of purchase so that we can then systematically implement them during the holding phase.

PROGRESS

In order to obtain consumption data not only for general areas in our managed portfolio, but also for rented areas, the cooperation of our tenants is required. We are engaged in intensive dialog with them to be able to comprehensively record and map their CO₂ consumption.

OUTLOOK

As a result of the global COVID-19 pandemic and the resulting additional challenges in this process, the planned replacement of general electricity meters with smart meters in all the properties we manage in Germany has been somewhat delayed. This project will be systematically pursued in 2022. These smart metering systems will provide us with cumulative data on the total consumption of all building areas and, in addition to the complete carbon footprint, will also make it much easier to identify potential savings.

TWO

IMPROVE ENERGY EFFICIENCY PER SQUARE METRE BY 5% ANNUALLY AND BY AT LEAST 30% BY 2025

RELEVANCE

Around 75 % of buildings in the EU are not energy efficient.

MANAGEMENT

Since CO₂ accounting is based on the energy consumption of the respective property, energy efficiency is directly linked to CO₂ emissions. That is why, in accordance with our new ESG investment guidelines, we identify potential improvements in an asset's energy consumption and CO₂ emissions at the time of purchase and then systematically implement them during the holding phase.

PROGRESS

A robust data process is a prerequisite for reducing energy waste. We are currently digitising the consumption data of the properties we manage. By replacing the general electricity meters with so-called smart meters, we are achieving significantly improved data quality for leased areas as well.

OUTLOOK

The highest priority in 2022 will continue to be the collection and allocation of consumption data. Due to increasing regulatory risks for inefficient buildings, we include these in the risk management of our assets - regardless of whether they are declared as sustainable investment properties or not. For all new acquisitions, we therefore also analyse the energy efficiency of a building and develop optimisation measures. Additionally, an analysis based on the Carbon Risk Real Estate Monitor (CRREM) is taken into account. This way, customised solutions for consumption and risk optimisation can be developed for each property. We are also exploring possibilities to use artificial intelligence technology that adapts to the dynamics and characteristics of an individual building. This way, we hope to ensure the perfect balance between energy consumption and a healthy indoor environment.

THREE

REDUCE WATER CONSUMPTION PER SQUARE METRE BY 2% ANNUALLY AND BY AT LEAST 20% BY 2025

RELEVANCE

The European Environment Agency estimates that about one-third of the EU territory is permanently or temporarily exposed to water scarcity.

MANAGEMENT

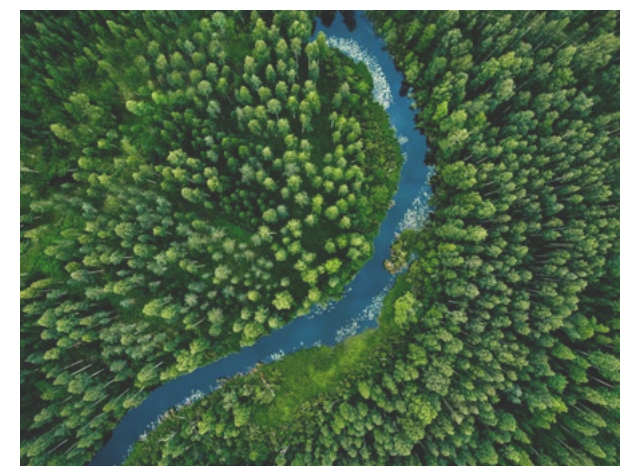
We are continuing to collect consumption data from bills and feed it into our data platform. If water consumption is higher than in other buildings, we work with tenants to identify possible reasons.

PROGRESS

The process for digitising the consumption data of the properties we manage was made more efficient and supported with additional resources in the interests of rapid progress.

OUTLOOK

To improve data quality and simplify the digitisation of ongoing consumption data, we are looking into submetering. Using additional technical components, analogue meters are to be upgraded to smart meters with comparatively little effort. Additionally, we are also investigating opportunities to get more granular (monthly, daily) data for water meters through "smart-water-meters". We hope that this will give us a better picture of consumption data and, among other things, will enable us to detect and prevent leaks.



FOUR

REDUCE RESIDUAL WASTE (NOT RECYCLED OR REUSED) BY 2% PER SQUARE METRE PER YEAR AND BY AT LEAST 20% BY 2025

RELEVANCE

Everything that cannot be recycled or reused consumes resources. So, the less residual waste we generate and burn, the better for our climate balance.

MANAGEMENT

We use invoices to record the volume of waste and feed the data into our digital platform. If we detect comparatively high consumption, we contact the tenants to reduce it.

PROGRESS

Consumption data for the properties we manage has been digitised on an ongoing basis. So far, however, we only have the number of times the residual waste bins have been emptied at our disposal, and no volume or mass data that would allow us to draw much more precise conclusions. We want to change this through further digitisation.

OUTLOOK

In order to obtain reliable data on the weight and filling level of the waste bins - and thus on the actual volume of waste - we are examining the use of appropriate sensor technology. This will enable us to record individual waste volumes more precisely and, in the case of comparatively large volumes, to work more specifically with tenants to reduce them. We are also planning joint projects with our tenants to increase the recycling rate.





INTERVIEWS

INVESTMENT

TOBIAS GOLLNEST
CHIEF INVESTMENT OFFICER
(CIO) DACH



HOW DO YOU INCLUDE ESG IN THE ACQUISITION PROCESS? HOW DO YOU CATER TO THE ESG NEEDS OF INVESTORS?

We developed an ESG Investment Policy through which we committed to conduct an ESG due diligence on all new acquisitions. This means that we analyse for all new investment properties physical and transitory risks, among others. Those due diligences will always be conducted with the support of independent external advisors.

When developing new investment products, we take ESG aspects into account. The most recent examples therefore are the two City Quarter Funds. For those Funds we are checking eight ESG investment criteria and an acquisition will only be executed when at least five of the criteria are fulfilled.

The perspective of the investors is very important in this matter since they are one of the key stakeholders. We listen very carefully to their view and are in the position to reflect their needs in single investments as well as in investment funds.

WHAT ARE SOME NEW IMPLICATIONS FOR THE BUILDINGS THAT HAVE UNDERGONE THE NEW ESG DUE DILIGENCE?

The buildings that have gone through the process are "fit for the future". Besides high energy efficiency standards they are prepared for future risks resulting for example from climate change. For instance, we identify the compatibility of each building with the Paris Climate Agreement and EU Green Deal with a scenario-based approach. This means that we compare the status quo of the building's performance with a scientifically derived "target pathway" needed to achieve carbon neutrality latest by 2050.

In addition, we also review the risk of physical risks resulting from climate change. It is expected that extreme weather events will become more frequent in the coming years and will also affect the value of a property. In our new ESG due diligence process, such physical risks are determined, quantified and mitigated up to the year 2050.

IN YOUR VIEW, WHAT IS THE FUTURE OF ESG IN THE TRANSACTION MARKET AND HOW IS CORESTATE PREPARING FOR THIS FUTURE?

Indeed, the importance of ESG is strongly growing in the real estate investment market. We have been seeing this trend for about 18 to 24 months and I think we can be a little proud of ourselves because we recognised the potential and importance of ESG very early on. To put it simply: ESG is the future of the transaction market. With this mindset and the instruments we already have defined, we are very well prepared to give investors the right answers and tailor-made solutions. As ESG criteria, standards and regulations in the real estate industry are constantly evolving, so are we. Our aspiration is not to just "keep up" with ESG but rather play an active and defining role for both ESG in our industry as well as our own further development.

ASSET MANAGEMENT

GUIDO BEDDIG
HEAD OF ASSET MANAGEMENT
COMMERCIAL



WHAT WERE THE TOP PROJECTS IN ASSET MANAGEMENT THIS YEAR THAT HAD A POSITIVE IMPACT ON ESG?

We were able to do an installation of an electric charging station at the Garbsen shopping centre in cooperation with a local supplier with no additional cost for the owner. Not only does this provide the opportunity for the community of charging electric vehicles directly at their local shopping centre, but also provides direct visibility in front of the object and thus a forward-looking measure that radiates to the owner and hopefully creates further awareness of electric vehicle mobility.

One of our newest projects is the construction of a wooden building in Munich, using an innovative modular system as well as resource-saving materials which results in a low CO₂ consumption of building materials. The building is characterised by the highest energy efficiency standards. Furthermore, the building will bring a high value for municipal bodies, thus seeing broad support for the project in the local community. The detailed planning is currently underway, construction will start in the fall of 2021.

Together with the ESG department we have already prepared further projects for implementation aiming at collection of consumption data in our assets, e.g. **smart meters and the centralisation of energy suppliers.**



WHAT IS YOUR OUTLOOK OF INTEGRATING ESG IN ASSET MANAGEMENT?

Although we have many different topics in asset management, all of them can be used to fit the general ESG strategy. Of course, the approaches and strategies differ on each topic – with some of our smaller topics, implementation measures are easier thus resulting in direct impact. But we also make sure to integrate ESG in our more extensive measures, which then of course take more time to produce tangible results. But the general preparation for the integration of ESG is very important, especially because we can benefit from it for other portfolios as well. Therefore, we make sure that all of our approaches are also understood as an outlook for further projects.

FROM YOUR PERSPECTIVE, ARE THERE ANY ROADBLOCKS THAT PREVENT ESG INITIATIVES?

Currently we are seeing high demand from investors as well as tenants for sustainable projects. However, this usually requires an initial investment, for which we must advertise first. In this respect, it is and always will be important for us to examine new projects very quickly in terms of economic viability and life cycle analysis in order to present alternative solutions to investors. Since most of the projects are specialised and there are few comparable projects, we and our consulting planners are usually moving into new territory. The reinforcement with further consultants who have a high ESG understanding will be the challenge for future projects.



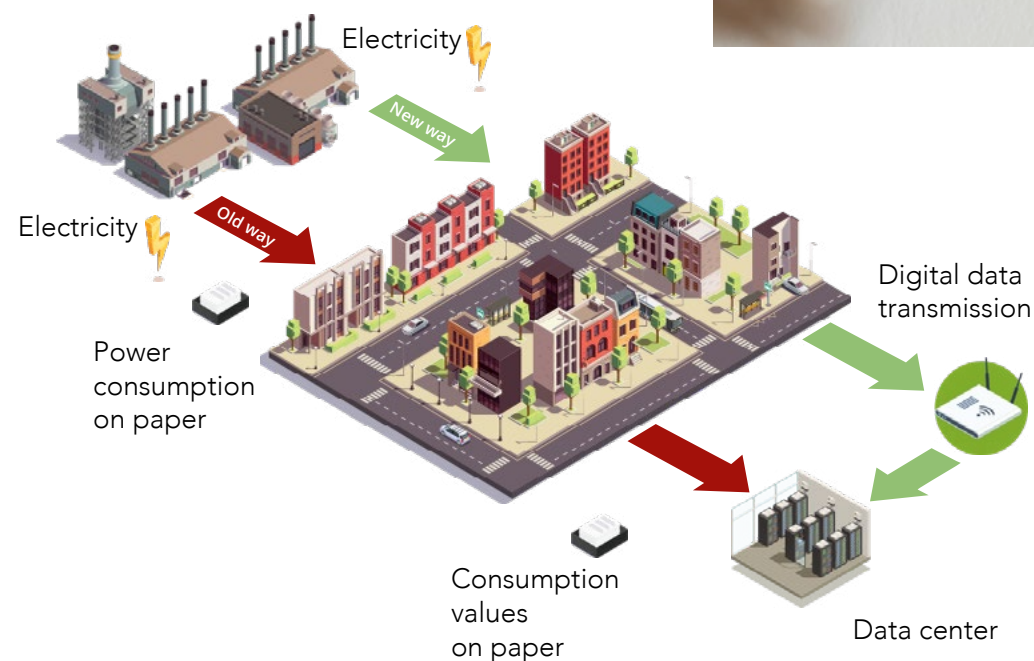
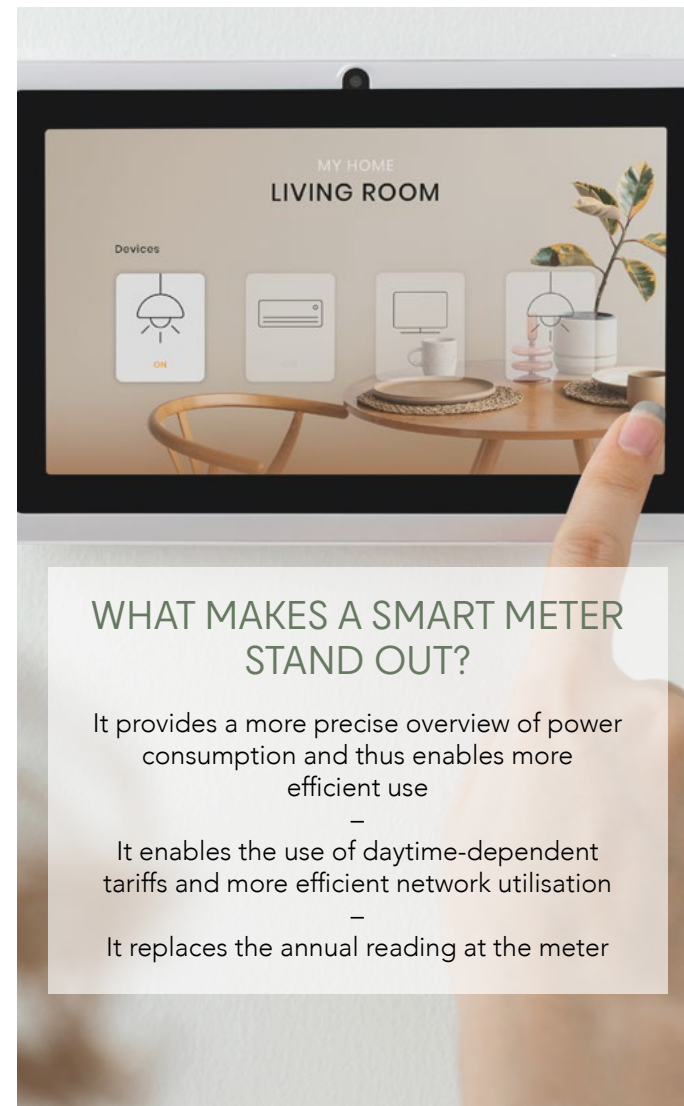
OUR INITIATIVES

ONE WE DIGITISE OUR REAL ESTATE AND BUILDING MANAGEMENT

Digitisation is essential for the sustainability of real estate. Critical components are intelligent building management systems and intelligent measuring systems, so-called smart meters. They are the basis for digital data measurement, consumption control and remote monitoring of buildings. In this way, climate and weather data can also be automatically included, or deviations from regular consumption patterns can be analysed. The further development of such digital solutions is at the very top of our agenda.

SMART METERS

For us, sustainable investments and the protection of the environment are at the forefront - and not just from 2032 onwards, when the law to digitise the energy turnaround takes effect. We want to use available technologies today. To this end, we launched a call for tenders in spring 2020 to determine a nationwide metering point operator. The implementation of smart meters requires the standardisation of metering point operation, as this will ensure the necessary information security and uniformity of the technical infrastructure.



EXPLANATIONS

ENERGY SUPPLIER

OLD WAY

Until now, consumers have received an opaque page-long paper by mail once a year: the electricity bill. Even though most utilities send out the invoices at the beginning of the year, it can take several months for all bills to be sent, especially for larger suppliers and municipal utilities.

NEW WAY

Smart meters use the communication module to transmit measurement data to a server of the metering point operator. The server forwards the data to the energy supplier. It makes it available to the customer via a web portal or an app. It is no longer necessary to enter the meter rooms for reading, and the risk of incorrect data is minimised.

CONSUMPTION DATA PLATFORM

OLD WAY

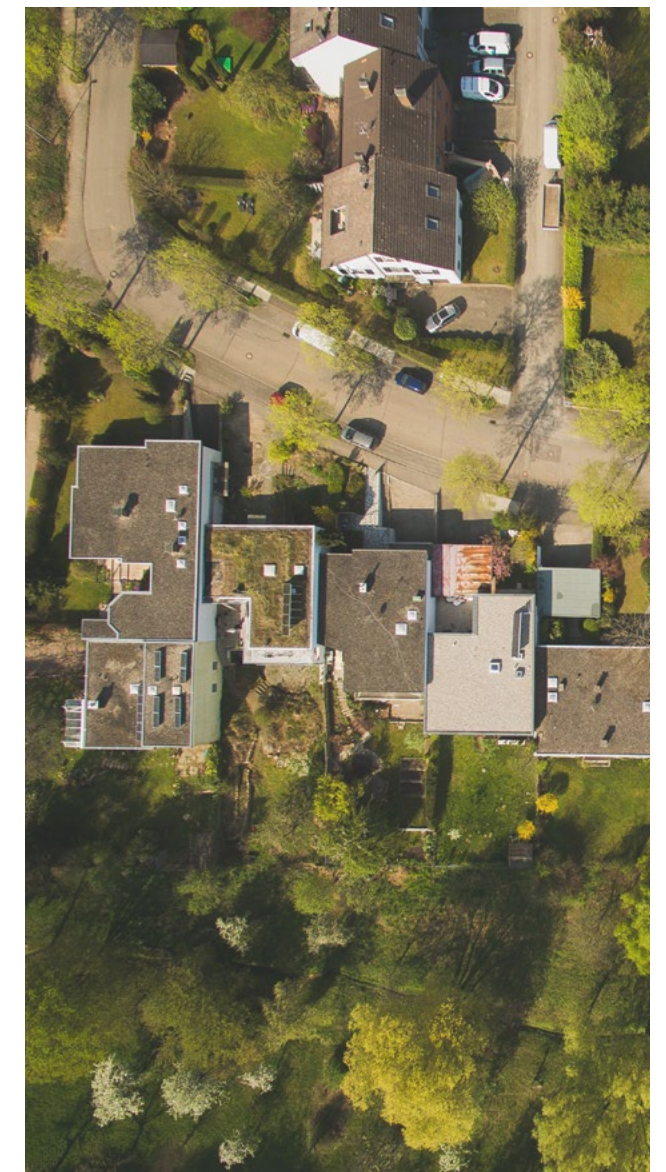
To measure the electricity consumption of our portfolio, we have so far referred to electricity bills in paper form. We have only incomplete information on electricity bills for the common areas of the properties we manage.

NEW WAY

Thanks to intelligent measuring systems, we will receive cumulative data on the total consumption of all building space, including rented space, and will be able to measure in real-time exactly where and when energy is used. The more our properties are equipped with smart meters, the more accurately we will be able to record the ecological footprint of our portfolio and uncover hidden efficiency and savings potential.

SMART METER GATEWAY

Suppose a digital meter is connected to a communication unit or a "gateway". In that case, it is referred to as an intelligent metering system - a so-called smart meter. A smart meter not only measures electricity consumption but also transmits data. As early as H2 2020, it is expected that households with electricity consumption of over 6,000 kWh per year and electricity producers with a nominal output of more than seven kilowatts will be obliged to install a smart meter.





OUR INITIATIVES

TWO PORTFOLIO DIGITISATION/ ENERGY TENDERING

In the summer of 2020, we converted our entire EUR 17 billion portfolio managed in Germany to green electricity. We switched completely to green energy in the commercial real estate asset class (EUR 3.5 billion AuM). This will save 104,000 tons of CO₂ already by the end of 2024. With the ongoing success of our German portfolio, we are extending the energy tendering and smart meter rollout across our non-German assets planned for 2022.

THREE BEE COLONIES IN THE STERNCENTER

Since spring 2021, a loud buzzing can be heard on the roof of a building managed by the Corestate Group. Two bee colonies were placed here - to contribute to nature conservation and the promotion of biodiversity. The roof proved to be an excellent location for beekeeping, much to the delight of the local beekeepers' association: ample green space, flowering plants, and easy access for the beekeepers. The first honey from the industrious collectors can be harvested as early as summer 2021 and will be sold directly on site to the delight of the users.



FOUR WATER SAVING INITIATIVES

RELEVANCE FOR OUR CRM STUDENTS COMPANY

With climate change being at the forefront of everyone's mind, in the South West Region of CRM Students we have been focusing on water saving initiatives with a view to roll them out company-wide in the future. This is a challenge as every accommodation site in the portfolio is unique and needs bespoke energy saving solutions. Newly built accommodation sites sometimes have green measures put in place during construction, however this is not always a consideration and is often neglected in older buildings.

STARTING WITH OUR TRIAL SITE

Our trial site was The Sidings in Penryn (Cornwall), 233 beds and built in 2012 with no consideration for water saving, it was an ideal choice. We started by reviewing the current flow rate in each en-suite bedroom and cluster kitchen. This was done via a very easy and straightforward method by turning on a tap at full speed and counting how many 1 litre measuring jugs you can fill in one minute. Although this is not an exact measurement it gives you an idea whether improvements can be made to your 'flow rate'.

AT THE SIDINGS WE FOUND

Bedroom en-suites – 12 l/min

Cluster Kitchens – 20 l/min

The ideal standard set by UK government is 4-6 litres per minute for kitchens and bathrooms.

INSTALLING WATER SAVING SOLUTIONS

We reviewed the market for retro-fit water restrictors which we could buy in bulk and our team could fit as part of their routine building checks but were only able to locate restrictors for the kitchen taps. These were cheap to purchase and easy to install and so they were promptly fitted, and the flow rates reduced to 4 litres per minute.

Unfortunately, the en-suite bedroom taps needed a more complex solution and so we began working in collaboration with an external service provider who provided innovative water saving solutions. They visited the site to carry out a full survey and suggested an in-line fitting which would provide the same results, albeit a more complex process to fit. They provided a full and detailed report of their findings and this has been submitted to the client of The Sidings to consider. This estimates savings of £20,000 per annum.

FOR THE FUTURE

Our long-term plan is to review water flow rates at all sites and install basic restrictors where possible, and if not, to liaise with external service providers on the options available. This will enable us to both reduce our carbon footprint and also to reduce utility costs for our clients.

WE STRENGTHEN SOCIAL COMMUNITIES

“
LOOK CLOSELY AT THE
PRESENT YOU ARE
CONSTRUCTING: IT SHOULD
LOOK LIKE THE FUTURE
YOU ARE DREAMING.
(ALICE WALKER)



As a real estate employer, we stand for growth and development not just in our day-to-day business but also with regards to our employees. We work to retain, recruit, and promote talent within the company to further our legacy of entrepreneurial creativity and strengthen our corporate values. We also take care to support the local communities in which we operate in through our Corestate Foundation by supporting charitable initiatives that help to strengthen our surrounding communities.

OUR PROGRESS





OUR SOCIAL PROGRESS

ONE
INCREASE THE RATIO OF FEMALE
MANAGERS BY 5 % PER YEAR AND
BY AT LEAST 30 % BY 2025

RELEVANCE

In PwC's Women in Work Index 2021 report, COVID-19 has further highlighted the pre-existing gender inequalities in society. With the disproportionate burden of family care on women increased even further during COVID-19, leading some women to reduce their participation in the labour force, with many considering leaving jobs and/or reducing their hours. Although many other reports before COVID-19 stated women were making great strides towards gender parity in the workplace, the aftermath of COVID-19 has seen a reverse effect leading many to believe that this will significantly dampen progress towards gender equality in the workforce in the long-term and stunt economic growth. Due to these facts, Corestate eased this burden for working parents with flexible working hours and remote working in order to support and improve work-life balance. These were simple measures to enact and are further supported by our senior and advanced leadership teams.

MANAGEMENT

We create internal structures and processes to promote the advancement of women to management positions.

PROGRESS

Promoting gender diversity remains a priority for our company, mainly at senior and board level, where women are still a minority. To tackle this issue, the Senior Leadership Team (SLT) was created at the end of 2019. Additionally, the Advanced Leadership Team (ALT) one level below was implemented at the beginning of 2020 as a mechanism that will gradually lead organically to a more diverse management level. As a result from continued efforts, we saw at the end of 2020 an increase of 9% within our senior management and advanced leadership roles. Since 2019, Corestate has also founded the women's network Corestate Women which aims to recruit, promote, and retain talented women through networking events and mentoring programs. Corestate Women is a supporting member of the "Fondsfrauen", a leading German diversity initiative in the financial sector.

OUTLOOK

The aim is to promote female talent on the ALT level to achieve a higher proportion of women in the SLT in the medium to long term. We will continue on this path in 2021. We will also discuss selected management indicators in the monthly ESG committee. In addition to the current proportion of women, these include, for example, figures on employee retention.

TWO
INTRODUCE A WELLBEING
POLICY FOR EMPLOYEES
BY 2020

RELEVANCE

Promoting health and wellbeing among employees is also of the utmost importance for Corestate, and in light of the pandemic this has made it all the more important. Our Human Resources department ensured regular communication with all employees to give them updates related to COVID-19, namely any changes in the implementation of new office policies, government updates/regulations and any concerning status related to employees impacted. They also provided COVID-19 care packages which included masks, disinfectant spray, and a multipurpose tool to avoid direct contact with handles, buttons, and other daily objects in the workplace. Flexible working hours and remote working was also made possible.

MANAGEMENT

Our Human Resources department pays attention to the wellbeing of the employees and thus helps to attract, promote, and retain the right talents in the long term.

PROGRESS

Corporate benefits were made available to all German Corestate companies employees interested. Those benefits include permanent discounts e.g. on travel, fashion, technology, media; access to offers from over 800 top brand suppliers, and monthly extensions of new offers. In addition, accident insurance coverage for all employees of the Corestate Group was implemented which cover accidents during and outside working hours, extensive disability and death benefits. In our Frankfurt office we also provided employees with the opportunity to take part in a free ophthalmological check-up by our company physician.

Our HR department also introduced a way to honour special achievements within our four areas for success (innovation, creation, cooperation, orientation) called "CORE Award" launched in 2020. All achievements are shared with the board of the Group to select the ones to be awarded. It is envisaged that the recognition of these achievements will motivate everyone to get involved and be committed on the one hand. On the other hand, the transparency created helps everyone to better understand what individuals/teams are working on and what great results are achieved and shaped in our organisation.

OUTLOOK

Corestate has developed a holistic approach to promoting employee wellbeing, which will be fully rolled out by the end of 2022 and will then also be recorded in an Employee Wellbeing Policy. As soon as the guideline for the wellbeing of employees is adopted, it will be presented internally, and concrete measures will be initiated.





OUR SOCIAL PROGRESS

THREE
DEVELOP AT LEAST FIVE
ESG TENANT PARTNERSHIPS
BY 2025

RELEVANCE

Most people spend on average 90 % of their time indoors. We want to seek an open dialogue with our tenants to create spaces worth living in for communities, new forms of work, changing consumer behaviour and modern family and living models.

MANAGEMENT

We strive for a regular exchange with our tenants to identify their individual needs at an early stage and to gear our asset management to them.

PROGRESS

We cannot yet record any progress in this area for the reporting period, as we have so far concentrated on the measurability of the fuel consumption and emissions of our properties.

OUTLOOK

In September 2021 we will be running a pilot project where we can obtain feedback from our tenants via a digital platform. Their suggestions will create social values and thus lead to improvements. We are also seeking partnerships with commercial tenants to jointly identify and implement measures with added value for nature and society.

FOUR
SUPPORT AT LEAST ONE NEW
PHILANTHROPIC INITIATIVE PER
YEAR FOR AT LEAST TWO YEARS,
INCLUDING STAFF SOLIDARITY
DAYS FROM 2019

RELEVANCE

Many areas of society would not function without voluntary work. Therefore, we would like to support associations and activities in the interest of the common good and especially the welfare of children.

MANAGEMENT

With the establishment of the CORESTATE Capital Foundation gGmbH (Corestate Foundation) in November 2019, we are supporting local projects, associations and organisations that work for children and young people. Our employees will have the opportunity to become actively involved in future social projects within the framework of solidarity days. We have also committed ourselves to support a new social project every year for the protection and strengthening of children's wellbeing for a minimum period of two years. Project proposals from our employees are reviewed by the Group Sustainability Office and approved by the ESG Committee, including the Board of Management.

PROGRESS

Our corporate offices supported 7 organisations* in 2020 with roughly 12,000 EUR donated to support 3,500 breakfasts and care for children, 50 families with an initial care package for their newborn, and fulfilled over 100 children's and young adults Christmas wishes. On top of donations, many of our subsidiary companies were able to donate IT equipment that was no longer in use to several organisation and social institutions.

OUTLOOK

Due to COVID-19 many community projects could not be realized. Our goal for 2021/2022 is to offer our employees a solidarity day where they can volunteer their time in support of the organisations in which we have developed relations. Some locations will also participate in charity marathons to raise money for social causes. [Foundation](#)

* Kinderschutzbund Frankfurt e.V.; brotZeit e.V.; S.O.S kinderdorf Zwickau; Die Arche Hamburg e.V.; Kinderheim St. Hedwig in Böbingen; Jugendhaus Don Bosco in Penzberg; Deutsches Kinderhilfswerk e.V. in Berlin





INTERVIEWS

HR

MARIUS HUBER
EXECUTIVE DIRECTOR
HUMAN RESOURCES



WHAT ROLE DOES DIVERSITY PLAY AT CORESTATE?

Diversity plays a huge role in all aspects of our company life – from talent acquisition to internal development, behaviour and overall company life. It increases the variety of different perspectives, which is highly beneficial when it comes to planning and executing a business strategy. It is a top priority at Corestate to make everyone feel heard, seen and appreciated in their work life, we therefore initiated our Corestate Women Network as well as our newly launched Corestate Capital Pride Network for employees in order to foster a sense of community and support within our company.

A main focus point besides the talent acquisition side regards the internal promotions. Besides setting clear goals to increase the numbers of female managers in the company, Corestate has therefore set up a mechanism to lead organically to more diverse management gradually. In the medium to long term, this process should help to increase the proportion of female managers in the Corestate Group. But it will also be used to promote other dimensions of diversity in management in a targeted manner.

WHAT ARE THE DRIVERS OF THE WORKFORCE OF TOMORROW AND WHAT CAN CORESTATE DELIVER TO GET THE BEST TALENT ON THE MARKET?

Responsibility is key. For us, that means to give our employees the freedom to express themselves. Millennials – and other generations too – are known for doing things their way, therefore we as the employer have to provide flexibility for our employees to balance their work life needs. Additionally, creating,

communicating and living clear values is important as well. When employees feel like they share a company's core values and feel connected to its mission, they're more likely to stick around.

The workforce of today and tomorrow wants to be recognized when they do well, no matter how long they've been in the workforce. Employees want constructive feedback when they're living up to expectations – and also if they are not. Lastly, transparent and inclusive as well as effective communication ensures that everyone in the teams feels heard and receives the input they need to be successful.

COULD YOU DESCRIBE WHAT THE CORESTATE EMPLOYEE WELLBEING POLICY ENTAILS?

Corestate has developed a holistic approach to promoting employee wellbeing, which will be fully rolled out by the end of 2022 and will then also be recorded in an Employee Wellbeing Policy. Three subject areas were defined as the objective of the approach: corporate health, work-life balance and team engagement.

In the context of corporate health examples of what we offer are among other things top locations and extensive training courses on the subject of occupational safety and health. Regarding work life balance, we have implemented a very flexible mobile working approach that offers all employees the opportunity to optimally combine their work and private life. Team engagement entails for instance a focus on the further development of employees but also a group-wide offer of company pension schemes.

ESG

ASHLEY WESTER
SENIOR ASSOCIATE
ESG



HOW DO EMPLOYEES ENGAGE IN SOCIAL INITIATIVES AT CORESTATE?

There are three pillars of social engagement across Corestate. Firstly, we have our diversity & inclusion networks which include Corestate Women and our newly launched Corestate Capital Pride Network. Having diversity and inclusion networks allow our employees to foster an environment for people to connect, engage, educate, inspire, and celebrate each other. For this reason, we plan on developing other networks in the future in order to give our employees the opportunity to feel represented and engaged.

Additionally, we have our employee wellbeing initiatives where we involve our employees to better understand how we can engage, inspire, and retain talent. This is done through our holistic approach with success management and honouring special achievements. I believe that especially the "CORE Award" is a great way to acknowledge the many achievements from individuals and teams across the Group.

Lastly, we support our local communities through our Foundation with social projects.

YOU SUPPORT LOCAL COMMUNITIES THROUGH THE CORESTATE FOUNDATION – WHAT DOES THAT LOOK LIKE?

We support associations and activities in the interest of the common good and especially the welfare of children and young people. Many Foundation project ideas come directly from our employees and Management Board. We are therefore able to support the local communities in which we operate in.

Some of the projects we have supported included gathering donations so that the money could be used in creating an initial care package for newborns and providing breakfast for children. We commit ourselves to support a social project for a minimum of two years in order to strengthen our community relations and positive impact. We are always looking for new organisations that we can support, and in the future aim at creating our own initiatives with the support from our employees.

HOW WILL CORESTATE CONTINUE TO MAKE A POSITIVE IMPACT ON THE COMMUNITY AND FOR EMPLOYEES?

As a full-service provider of services along the entire real estate value chain, ensuring we are familiar with the needs, profile and habits of the community where we develop and operate in is of extreme importance. We therefore want to engage more with our tenants to gain insights on their needs and habits in order to tailor our provided services for the best possible experience.

When life post-COVID returns to normal, we want to provide our employees the opportunity to take a solidarity day to volunteer their time to an organisation that we as a Group have chosen to support. Through the Corestate Foundation we will increase our positive impact on the community by creating our own social projects.

INTERVIEWS

DEVELOPMENT
HANNO SCHRECKER
EXECUTIVE DIRECTOR HEAD
OF DEVELOPMENT EUROPE



WHICH SOCIAL ASPECTS ARE CENTRAL FOR YOU WHEN ACQUIRING PROPERTIES?

The impact of incorporating social aspects in our acquisition process always depends on the type of property we are looking at. Key factors are the type of use the property itself must fulfil as well as the users, or tenants.

To name just a few, good public transport, daily goods supply, educational institutions and availability of gastronomy are always a must for assets like city quarters, Purpose-Built Student Accommodation, residential or office.

HOW DO YOU INTEGRATE SOCIAL ASPECTS INTO THE PROPERTY STRUCTURE?

The strategy of integrating social aspects into property structures, too, depends heavily on the type of property and its use. Social spaces in offices are used very differently than social spaces in shopping centres for example.

When we advise tenants of offices, we suggest state-of-the-art work-spaces which are no longer only multi desk or single desk offices. Kitchens should be designed in an informal way to be used as a common area to catch up with a colleague over coffee. With shared meeting rooms and small phone boxes we can combine social and work aspects while also offering employees private spaces.

We take care to look both at the purpose of the certain types of real estate as well as the more individual uses that develop over time. Shopping centres are a good example as shopping has strongly developed into an event you do with friends which means that centres are expected to provide a stage which is a social space as well. In our Purpose-Built Student Accommodation and MicroLiving concepts we strongly focus on community areas to support community building of tenants.

HOW DO YOU INVOLVE TENANTS IN DECISION-MAKING?

Above all our decisions we follow the rule "client is king". When it comes to decision-making, the client is the investor on the one hand and the tenant (or user) on the other hand at the same time. Our role in this process is to provide suggestions which fit the client's expectations by combining the interests of investors and tenants at the same time.

Of course, this process is also influenced by other variables, such as budget when it comes to contract and fit-out. In the end, the client must decide how to run his business best.





OUR INITIATIVES

ONE COVID-19 ACTIONS

Just like everyone else, the impact of the COVID-19 pandemic has affected us deeply. COVID-19 has presented us with completely new challenges also in terms of working together. The major steps on the digitisation of our daily tasks and projects within the entire group have helped us here tremendously. The government's requirements regarding hygiene and health restrictions at our operating locations were met immediately and without any concerns. Our employees were able to maintain their work despite various regulations.

The COVID-19 pandemic in particular has reconfirmed that our employees are the highest priority for us.

The immediate adaptation of their working methods to the exceptional situation reinforces the commitment our employees put into their daily work.

As an employer, we see ourselves as having a duty of care. To this day, we have taken all necessary measures with regard to hygiene and health regulations to protect our employees. For example: we issued mouth and nose protection masks several times, provided all our business premises with warning signs and added additional hygiene articles. Furthermore, we provided all our employees with a Corona Care package including a COVID-19 Self-Test Kit, hygiene articles and a TouchSafe handguard.

In addition, we rolled out virtual training courses to inform our employees on the latest hygiene measures as well as set up an extra committee consisting of the Management Board, HR, Legal, Risk, Communication and IT. The committee holds weekly meetings on the issue and keeps our employees informed on all news and changes via e-mail communication.

DEALING WITH LOSS OF RENTAL CONTRACTS DUE TO COVID-19

Asset Management Commercial, with its portfolio focus on retail properties, had to act within a short period of time, as 50 % of tenants stopped paying rent due to the lockdown in March 2020. It had to be checked whether the funds would remain stable, as an excessive loss of rent could have led to liquidity problems. Therefore, negotiations were immediately conducted with a total of 780 tenants. It had to be ensured that both the various needs and requirements of the tenants were considered, and that the liquidity development could be tracked by various departments.

Instead of pursuing conventional receivables management, we have settled on tenancy agreement optimisations with the tenants. The current situation was also a difficult one for retailers and gastronomy companies, so we see it as our task to find the best possible solution for both parties. In order to be able to cope with this task, we drew on the proven know-how of our leasing managers.

We conducted many negotiations within a very tight timeframe and thus came to compromises and solutions. Thanks to our team spirit, we were able to reach approximately 370 agreements across the portfolio, creating contract values of 70 million EUR. We were also able to increase the WAULTs (Weighted Average Unexpired Lease Term) of the portfolios, for example by 0.45% each in the second and third quarters for one of our "Highstreet" portfolios.

Thanks to our Asset Management Commercial team we were able to master many challenges during the crisis within a very short time. Also, where we were able to, we transformed the very critical COVID-19 situation around imminent loss of income into an optimisation of the portfolio for our customers. It was important for us to keep our social responsibility towards the tenants during the negotiations, because it was an extraordinary situation for them too. As a team, we learned new ways of working together and found solutions to create added value for both our clients and our tenants.

TWO DIVERSITY AT CORESTATE

COVID-19 TEST CENTRES

Since March 2021, residents in the city of Schwenningen and Garbsen have the opportunity to get tested for COVID-19 at their local shopping centres. As active parts of their respective cities, the shopping centre operators cooperated with the resident pharmacies to provide increased testing capacities with medically trained staff for the local communities.

The shopping centres "City-Rondell" in Schwenningen and "Shopping-Plaza" in Garbsen are assets property managed by CAPERA Immobilien Service GmbH, a CORESTATE company.



Promoting gender diversity remains a priority for our company, mainly at senior and board level, where women are still a minority. To tackle this issue, the Senior Leadership Team (SLT) was created at the end of 2019 and the Advanced Leadership Team (ALT) one level below at the beginning of 2020 were implemented as a mechanism that will gradually lead organically to a more diverse management level. As a result from our continued efforts, we saw at the end of 2020 an increase of 9 % within our senior management and advanced leadership roles. Since 2019, Corestate has also founded the women's network "Corestate Women" which aims to recruit, promote and retain talented women through networking events and mentoring programs. Corestate Women is a supporting member of the "Fondsfrauen", a leading German diversity initiative in the financial sector.

We attach great importance to increasing the proportion of women in management positions. However, diversity encompasses much more than gender. For this reason, we have created the "Corestate Capital Pride Network" (CCPN), Corestate's LGBTQ+ diversity group. Our CCPN was launched on June 28th, 2021 in celebration and recognition of international Pride day which marks the date of the Stonewall riots in 1970 (the riots are widely considered to constitute one of the most important events leading to the LGBTQ+ liberation movement). Our goal and commitment to this network is to encourage the recruitment, retention, and recognition of talented, high performing LGBTQ+ individuals, raise awareness of social and professional challenges within the financial community that impact LGBTQ+ individuals, and build an inclusive community to promote networking, growth, and cross company collaboration.

OUR INITIATIVES

THREE WE PROMOTE A SUSTAINABLE CORPORATE CULTURE

Our employees are one of the most valuable cornerstones and the key to the successful development of our company. Consequently, we want our employees to be motivated and to find themselves in a working environment that is constantly evolving. Our ambitious goals can only be achieved with employees, who also set the highest standards of quality for themselves. At Corestate the aim is to support equal opportunities, motivate and develop our employees. Therefore, it is important that we provide a professional working environment, that keeps work and life in balance.

For our employees, it is important that they represent the interests of the business at all times. This means that we always act in a professional and respectful manner towards our colleagues, clients, and customers. It is expected to uphold our values: Integrity, Team Spirit, Professionalism, Respect and Sustainability both during and outside the working hours.

Early 2020 we managed to launch a new HR software. A very significant milestone for our group-wide digitisation strategy. Our new HR software enables our employees to easily request vacation, review new recruits, access to personal company data, and much more. Most importantly, this software creates an environment where employees and managers can have a joint discussion on a biannual basis to discuss personal development, objectives, and individual goals to be achieved. These bi-annual discussions are what we call "success conversations" that serves to foster an open dialogue between manager and employee which builds a path for success within the company.

SUCCESS MANAGEMENT

Our success management strategy was rolled out in early 2020 to achieve our objective of promoting a sustainable corporate culture. With the first realisation in Q1 2020 we have made a significant step towards a more open and constructive exchange between managers and employees with the focus on strengths and areas of individual development within our five "core" values: Respect, Sustainability, Professionalism, Team Spirit, and Integrity. We put great value on the importance of workplace learning and a feedback culture. We are committed to provide all our employees the opportunity to grow in order to perform their roles to the highest standards, as well as encourage them to develop to their future potential.

AS A COMPANY WE RECOGNISE THAT LEARNING AND DEVELOPMENT ACTIVITIES TAKE A NUMBER OF INDIVIDUAL FORMS. THEREFORE, IT IS OUR COMMITMENT TO:

- Communicate the organisation's objectives and values
 -
- Work with the employees to identify their developmental needs and link these to the Corestate Capital Group objectives
 -
- Work with employees to identify solutions to their learning needs
 -
- Encourage employees to undertake and make use of learning and development activities
 -
- Evaluate the impact of learning and development for individuals and the organisation



EMPLOYEES ARE ENCOURAGED TO:

- Bring up learning and development needs and opportunities to their line manager
 -
- Participate in learning and development activities
 -
- Provide feedback on learning undertaken and its contribution to their personal development and that of the organisation

PROMOTING HEALTH & WELLBEING

Knowing about health and safety at work has been an essential part of our group-wide health and safety concept not only since the coronavirus. To make employees aware of possible health risks at the workplace and how to avoid them, we conduct annual health and safety training sessions via our e-learning platform. Our Group-wide uniform and binding guidelines ensure compliance with occupational safety and health protection in accordance with the Occupational Safety and Health Act. All German activities are analysed and recorded through risk assessments and inspections. A management system for occupational safety and health protection is being developed for other countries. Measures are taken if any deficiencies are found in the working environment. This applies, for example, to workplace inspections in the office area (correct table height, correct sitting, G37 examination for computer workstations), as well as to the activities on the construction site and in the technical professions of our employees. The continuous improvement of the management system is ensured by central control from within the Group with our external service provider through inspections, analyses, regular reporting and training, e-learning and the expertise of external safety specialists and the external company physician.



OUR INITIATIVES

WE THOROUGHLY MANAGE THE ECOLOGICAL FOOTPRINT OF OUR DAILY OPERATIONS

We increasingly focus on selecting office spaces that comply with ESG standards. Our main German office in Frankfurt has been awarded with a LEED Gold certificate and has recently switched our coffee machines to a more sustainable option. Before the switch we were consuming about 2,800 capsules/month with each capsule containing 5-6 grams of coffee and 1 gram of aluminium. This led to concerns in the production of the capsules and the waste generated by disposing of the capsules. We estimated that for 7 months $19,600 \times 0.001 = 19.6$ kg of aluminium would be consumed. To produce 1 kg of aluminium out of bauxite it needs 14 kWh of electricity which results in 274.4 kWh for our 7-month period. The production of the energy for 1 kg of aluminium causes the emission of 8.4 kg carbon dioxide. Which means for all the capsules we would have caused $19.6 \times 8.4 = 164.64$ kg of carbon-dioxide. With the new coffee supply, we therefore reduce waste by no longer having to recycle or dispose of capsules and have also reduced the carbon footprint in the production of capsules. We have other offices also implementing an analysis on switching from capsule coffee machines to fully automated ones once employees return to the office.

WEWORK@HL

At the beginning of 2020, the management and employees of Hannover Leasing (HL) jointly began to address the requirements for a modern workplace and a contemporary working environment. Essentially, the exercise was aimed at finding out what an employer should offer its employees today in order to maintain or even increase employee loyalty, make everyday office life even more pleasant and create a certain feel-good atmosphere at work.

Under the slogan



colleagues from different departments and stages of life joined forces and built a working group. From now on, in coordination with the management and all departments, they have increased their efforts to find measures that have a positive effect on the working environment. These included measures in the area of hardware/office equipment (including laptops, sitting/standing desks), approaches to solutions with regard to the use of the office building and the environmentally friendly use of resources (including drinking water dispensers instead of beverage bottles, the possible conversion of the reception area into a daily bar), but also key issues in the area of a changing corporate culture (employee events, language and dress code, workplace health promotion, etc.).

Although COVID-19 has postponed many ideas and their implementation for the time being, a number of measures could already be implemented in the short term in 2020. For example, we introduced a new employee portal where discounts from various online and offline shops can be found, and has been met with much popularity within the Group. The somewhat more casual dress code brings more colour and variety to the working day. And the change to a more informal language is bringing discussions among colleagues to a more personal level.

The issue of ESG has also not been neglected, so the avoidance of beverage bottles is doing the environment a big favour. Thanks to newly installed drinking water dispensers, fresh, sparkling water is always available to employees in the kitchens. With the parking spaces for e-mobility that are currently being planned, we would like to encourage the staff to switch to electric vehicles in order to set a clear signal in the careful use of the resources available to us.

FOUR WE-SUPPORT SOCIAL PROJECTS

With 2020 being a year heavily impacted by COVID-19, Corestate continued to reinforce its social objectives to strengthen local communities through support from the Corestate Foundation. Corestate's commitment to social responsibility led to employees engaging in joint projects with charitable organisations. In Germany, employees issued a campaign to give Christmas presents to disadvantaged children and young people in and around Zwickau and Hamburg.

Our corporate offices supported 7 organisations in 2020 with roughly 12,000 EUR donated to support 3,500 breakfasts and care for children, 50 families with an initial care package for their newborn and fulfilled over 100 children's and young adults Christmas wishes. On top of donations, many of our subsidiary companies were able to donate IT equipment that was no longer in use to several organisation and social institutions in need.



WE ARE A RELIABLE PARTNER

“
BE THE CHANGE
YOU WANT TO SEE
IN THE WORLD.
(MAHATMA GANDHI)

In addition to binding guidelines for all employees, the integrity of a company depends above all on its internal culture. Clear and transparent governance creates an internal understanding of responsibility, ethics and compliance and thus forms the basis for confirming the trust of our shareholders, investors, business partners, employees, tenants and neighbours by acting responsibly every day.

OUR PROGRESS

TARGET
BY 31.12.2020*

ACHIEVED
BY 31.12.2020*

COMPLIANCE &
GOVERNANCE
TRAININGS

ACHIEVED:
TRAININGS
CONDUCTED

ETHICS
DECLARATION

ACHIEVED:
DECLARATION
SIGNED
BY EVERY
EMPLOYEE
IN 2020

TARGET:
CONDUCT
TRAININGS



TARGET:
PREPARE
DECLARATION



MONTHLY
ESG
COMMITTEES

ACHIEVED:
MONTHLY
COMMITTEES
CONDUCTED

INVESTOR
TRANSPARENCY

ACHIEVED:
CONTINUOUSLY
PROVIDED

TARGET:
CONDUCT
MONTHLY
COMMITTEES



TARGET:
PROVIDE HIGH
LEVEL OF
TRANSPARENCY



*Compared to 31.12.2019



OUR GOVERNANCE PROGRESS

ONE CONDUCTING ANNUAL COMPLIANCE AND GOVERNANCE TRAINING FOR ALL EMPLOYEES AND MANAGERS FROM 2019

RELEVANCE

Compliance training conveys relevant legal provisions and internal rules. They are essential for a safe and ethical working environment.

MANAGEMENT

Employees are trained across the board on compliance topics such as corruption and information security via an e-learning tool. These include legal requirements and internal rules.

PROGRESS

Employees were continuously made aware of the risks and sanctions in the event of violations with the help of compliance training courses that were presented in a sustainable and comprehensible manner.

OUTLOOK

Regular compliance training for all employees will continue in 2021/2022.

TWO ENSURE THAT ALL EMPLOYEES AND MANAGERS SIGN A DECLARATION OF ETHICS EVERY YEAR FROM 2020 ONWARDS

RELEVANCE

Responsible and lawful conduct is a central prerequisite for a sustainable business model and economic success.

MANAGEMENT

We expect all employees to comply with applicable laws, to respect ethical principles and to act sustainably. In addition, since 2020 all employees have been required to confirm annually that they will comply with the Code of Conduct adopted by Corestate. It provides the framework for Corestate's legal and ethical requirements. At the same time, it is intended to create the necessary awareness for legally compliant and ethical behaviour.

PROGRESS

Corestate employees commit to our common Code of Conduct on an annual basis. In addition, they have completed an e-learning compliance program.

OUTLOOK

Once a year, all Corestate employees are to sign the joint Code of Conduct again in order to remain sensitised to its topics. In parallel, the associated compliance training courses will be continued.

THREE ORGANISE TWELVE ESG COMMITTEES PER YEAR WITH BOARD AND MANAGEMENT PARTICIPATION FROM 2019 ONWARDS TO ACHIEVE THE ESG TARGETS SET

RELEVANCE

Anyone who wants to implement and maintain ESG in a company needs an organisational framework.

MANAGEMENT

Corestate's ESG Committee consists of at least one member of the Management Board, the Group Sustainability Officer and various division heads, for example from Human Resources, Asset Management and Equity Raising. During the meetings, the committee assesses the progress of the twelve ESG targets and defines concrete measures to achieve them.

PROGRESS

The ESG Committee meets monthly with the CEO present, discusses current issues and decides on next steps. During the COVID-19 pandemic, the committee meetings were maintained digitally.

OUTLOOK

The ESG Committee will continue to meet on a monthly basis to drive progress towards achieving our twelve overarching ESG goals. Once these twelve goals have been achieved, new goals will be adopted within the committee that will expand Corestate's ESG efforts from then on.

FOUR ENSURING A CONTINUOUSLY HIGH LEVEL OF INVESTOR TRANSPARENCY

RELEVANCE

Investors on the stock and product side expect meaningful company reports for a needs-based investment strategy.

MANAGEMENT

We use best practice standards to guarantee reliable governance for our investors. On this basis, we report transparently and regularly on the performance of the investment instruments and the funds. For selected funds, we offer reporting in accordance with the so-called "Investors in Non-listed Real Estate Vehicles" standards, INREV standards for short.

PROGRESS

As a founding member of the so called ESG Circle of Real Estate (ECORE) and operational project leader within this initiative, we have been heavily involved in promoting a uniform and comprehensive sustainability standard for assets and portfolios. We submitted a case study to the EU Taxonomy Practitioners Group, a PRI working group, on how we intend to implement the EU taxonomy and, in particular, the Article 8 reporting requirements. With the open-ended special AIF "Stadtquartiere I", we have also successfully developed our first Article 8 product, i.e. an ESG strategy fund. In addition, we report for selected funds and portfolios, and at the request of our clients, according to the Global Real Estate Sustainability Benchmark (GRESB).

OUTLOOK

In the future, we will integrate ECORE scoring more deeply into our processes in order to obtain a more comprehensive overview of the sustainability as well as any regulatory risks of our properties. In addition, we plan to launch our first Article 9 product, i.e. an ESG impact fund in line with the EU Taxonomy, in order to live our responsibility even more strongly also through sustainable products.





INTERVIEWS

COMPLIANCE

KATHRIN AIGNER
EXECUTIVE DIRECTOR
CHIEF COMPLIANCE OFFICER



WHAT ROLE DOES COMPLIANCE PLAY AT CORESTATE?

Corestate's Compliance Management System (CMS) is an essential component of our corporate governance. The objective is to ensure compliance with external regulations such as laws and ordinances on the one hand and compliance with internal policies and guidelines on the other. The essential elements of the CMS include the identification of the main risks that may arise from violations of laws and regulations, the information and training of employees on the content and significance of the regulations relevant to them, and the continuous implementation of measures to prevent violations of laws and internal guidelines. Furthermore, the CMS serves to take preventative measures as well as responding appropriately to realized risks and subsequently analysing reasons in order to prevent risks from being realized again.

HOW DOES CORESTATE ENFORCE COMPLIANCE WITHIN THE ORGANISATION?

In order to raise awareness for compliance issues and to make employees familiar with applicable laws and rules, Group Compliance has a special E-Learning System in place whereby compliance trainings for all employees are conducted regularly. Also, the different Compliance departments deliver regular on-site trainings for employees with regard to special topics like marketing and sales compliance or latest regulatory updates. Furthermore, compliance monitoring and reporting are a crucial part of the Group's CMS. These are conducted by the compliance function on a regular basis across the Group.

HOW IS THE ESG STRATEGY EMBEDDED IN THE GROUP'S GOVERNANCE AND WHAT IS THE FUTURE OF ESG IN COMPLIANCE?

Corestate Capital Group has committed itself to group-wide ESG values. The commitment to sustainability and our ESG values are anchored in our Code of Conduct. The ESG strategy is derived and based on those ESG values in the Code of Conduct. Each of our employees is obliged to act according to these rules and thus to align its business actions with those ESG values.

With the upcoming and increasing regulation in the field of sustainability and ESG from the European Union and other regulators we expect ESG to become more and more an integral part of legal regulation for investment firms in the future. Being part of applicable regulation rules, the ESG department and the regulatory and compliance functions in the Group's investment companies work closely together to ensure the implementation of the applicable regulation. This process of "ESG regulation compliance" has already begun and will gain importance increasingly in the future.

ESG

GEORG SCHATTNEY
GROUP HEAD OF ESG /
SUSTAINABILITY OFFICER



WHAT ARE THE GOALS OF THE EU WITH REGARDS TO ESG?

The aim is to set out a path that will make our economic system more sustainable and thus more fit for the future. This implies that the global challenges like climate change and social inequality facing our society are addressed and a direction is set for their solutions: The financial system plays a key role in this context - after all, immense investments must be made in order to limit global warming to well below 2°C and to achieve the EU's goal of climate neutrality in 2050. The aforementioned measures intend to promote sustainability by redirecting private capital to sustainable investments, promoting transparency and longevity, and embedding sustainability factors into risk management.

HOW DID CORESTATE PREPARE FOR INCORPORATING THE NEW REGULATIONS INTO THE PRODUCT LINE?

The topic of ESG is not new to Corestate but has been applied for several years as a voluntary commitment both within the company and in our real estate investments. We have therefore started reporting on our activities and measures continuously in 2019. The intensive interface work with other specialist departments established in recent years and the continuous development of our ESG expertise naturally help immensely in implementing even complex regulatory requirements and integrating ESG into our products accordingly.

As the regulatory requirements impact many different departments at Corestate, we established a working group to align our efforts with offering qualified ESG product. For example, in the context of the Sustainable Finance Disclosure Regulation, this way we were able to offer our customers an ESG strategy product in accordance with Article 8 with the Stadtquartiere I fund.

WHAT DEVELOPMENTS DO YOU EXPECT COMING FROM THE EU REGULATIONS IN THE COMING YEARS?

Already today, a clear picture of the upcoming regulations from the EU's Sustainable Finance Strategy is emerging. First and foremost, of course, is the so-called EU Taxonomy, which is already to be applied to two of the six EU environmental goals (climate protection and adaptation to climate change) in 2022 and thus significantly reforms the transparency, comparability and classifications of sustainable investments. In this instance, the Taxonomy will define clear criteria and requirements for economic activities from the construction and real estate sectors in order to be considered "green/ecological" in the first place. At present, however, the Taxonomy is limited to the environmental perspective and only requires compliance with certain minimum social standards. An exciting development with regard to additional social criteria is already emerging today. For example, a group of experts is working on adding social aspects to the taxonomy.



OUR INITIATIVES

ONE ESG COMMITTEE

Established in 2019, the ESG Committee is comprised of core members which include the Management Board, Group Sustainability Officer and various division heads from Investment, Sales, Asset Management, Human Resources, Communications & Marketing. The ESG Committee also has several extended participants that we welcome to join from Compliance, Risk Management, Client Services, Investor Relations, Development, Fund Management, Research, IT as well as several ESG delegates that are seated in different departments within our subsidiaries.

In order to incorporate sustainability into our core business functions across the group the ESG Committee meets once a month to align/implement our ESG strategy at the strategic group level and the operation investment and asset management level, involving the various division heads. This ensures that ESG is embedded within our core business functions.

TWO WE ENGAGE IN INDUSTRY ESG INITIATIVES

ESG CIRCLE OF REAL ESTATE

Since the beginning of 2020, Corestate has been involved as a member of the operational project managers in the so-called ESG Circle of Real Estate. ECORE has set itself the target of establishing a uniform industry standard for managing, scoring, benchmarking and communicating the sustainability performance of buildings and portfolios. The scoring maps beyond ESG issues the necessary requirements from regulation, the Paris Climate Agreement, and the EU Green Deal. In 2021, we already participated in the piloting phase. Bell Management Consultants launched the "ESG Circle of Real Estate" initiative.

EU TAXONOMY PRACTITIONERS GROUP

We have not only signed the Principles for Responsible Investment (PRI) but are also an active member of the EU Taxonomy Practitioners Group. The members of this group examine how the EU Taxonomy can be applied in practice. In particular, implications for the investment process are highlighted. We share our experiences and discuss approaches to understand and overcome obstacles in the implementation of the taxonomy. Specifically, in summer 2020, we prepared and submitted a case study for the development of a taxonomy-compliant financial product to share knowledge and experience with other investors.

PATHWAYS TO PARIS

Corestate is participating in the technical exchange of the "Pathways to Paris" project and thus contributes to an implementation of the transformation in the real estate sector towards a low greenhouse gas emitting economy. The core objective of the project is to promote a shared understanding of a transformation in line with the goals of the Paris Climate Agreement between the real and financial economies. Pathways to Paris is carried out by WWF Germany and PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and funded by the Federal Republic of Germany, funded by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety based on a Resolution of the German Bundestag.





OUR INITIATIVES

THREE WE ARE COMMITTED TO RESPONSIBLE INVESTING

As a signatory of the United Nations Principles for Responsible Investment since February 2019, Corestate's responsible investment policy is aligned with the organisation's definition:

"Responsible Investment is an approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable, long-term returns"

Sustainable and profitable business relationships are an integral part of Corestate's success. We are living up to our responsibilities to the environment, to society and to all of our stakeholders through a long-term, clearly defined ESG strategy. This is not only operationally anchored but also integrated at every step of our investment cycle.

In this sense, Corestate commits to upholding high standards of ESG management across its portfolio, namely by:

- Conducting ESG due diligences on all new acquisitions
-
- Formalising ESG action plans for all assets under management
-
- Considering ESG criteria in all new build or refurbishment projects
-
- Implementing an ESG compliance monitoring system to ensure that all investments and practices are aligned with legislation requirements
-
- Reporting annually on its portfolio's ESG performance

At the end of 2020, we have initiated our ESG due diligence process for new acquisitions. As part of our due diligence process for each new acquisition, we identify physical climate risks from extreme weather events and transition risks. In this way, we also analyse the compatibility of a buildings performance in different scenarios with the EU Green Deal target, namely achieving carbon neutrality latest by 2050. We make the analysis results of a performed ESG due diligence available to our investors upon request. In addition to evaluating new acquisitions, we also perform periodic ESG due diligence checks for our standing assets to prioritise needed improvements and upgrades where needed.

We are currently structuring our ESG Investment Guideline Policy that will incorporate the EU regulatory standards for sustainable products which include the Sustainable Financial Disclosure Regulation (SFDR) and the EU Taxonomy. The policy will outline the approval, structuring and management of sustainable products to comply with any current or upcoming EU regulatory standards.

Corestate maintains a corporate organisation that functionally supports the consideration of sustainability risks and compliance with the aforementioned processes. The responsibility for the business and risk strategy, also with regard to sustainability risks, lies with the management of Corestate. The management is supported professionally on the topic of sustainability risks by risk management and the compliance teams.

SUSTAINABLE PRODUCTS: STADTQUARTIERE I & II

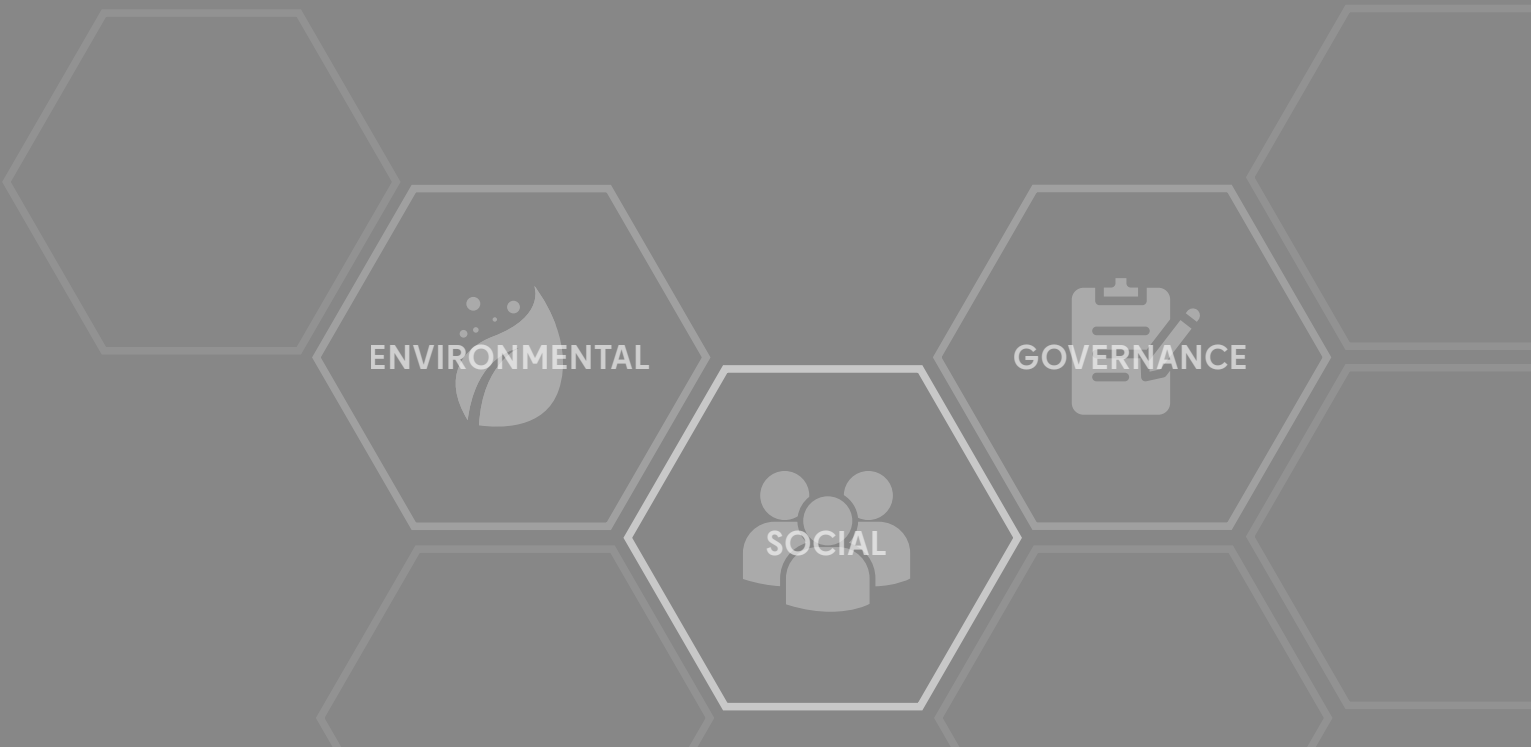
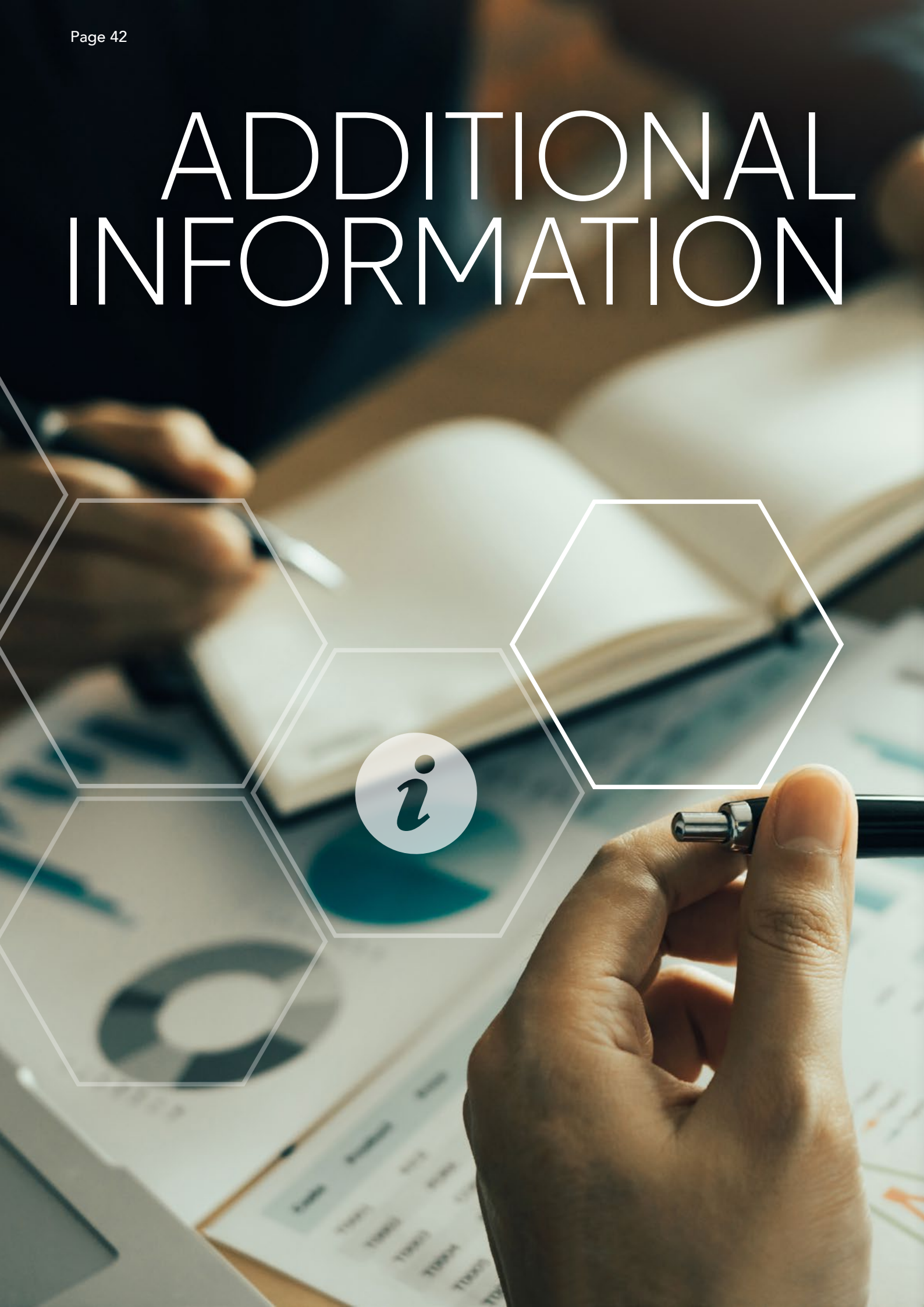
With Stadtquartiere I & II Corestate has set up two new open-end special AIFs. These funds are the first of their kind in Germany for institutional investors and thus pioneering the promising city quarter asset class. Investments are concentrated on relevant urban developments in the centre of medium-sized and large cities in Germany, which enhance and determine the quality of the respective location. Both funds fulfil the criteria of the SFDR to be categorized as Article 8 products. Furthermore, key factors for the assets of the funds are ESG conformity which (might) include high energy efficiency, sustainability certifications and alignment with the EU Green Deal. More information on Stadtquartiere I & II can be found on the website of [Hannover Leasing](#), an in-house investment management company, responsible for managing the funds.

STUDY: "THE ASSET CLASS OF THE FUTURE – CITY QUARTERS"

Corestate together with bulwiengesa published a detailed fundamental study on the asset class of city quarters ("Stadtquartiere") in Germany. The main characteristic of city quarters is the mix of uses, which theoretically allows the quarter a certain independence in the respective city and serves to satisfy various user needs. The mix of uses of a traditional city quarter typically consists of residential living, offices, and retail. In addition, these core uses are complemented by other types of use, such as social infrastructure (e.g. health care and education), transport infrastructure (e.g. public transport connections and parking), and cultural as well as leisure and recreational facilities. From an ESG perspective, modern city quarters are promising assets to meet the challenges of the present and the future as sustainability, mobility and social issues require an overarching overall concept that can be better planned and implemented at district/quarter level than at individual property level. To find out more about city quarters in Germany as "the asset class of the future" you can read/access the full study [here](#).



ADDITIONAL INFORMATION





INFORMATION ON THE GRI STANDARDS

LIST OF KEY ISSUES

ISSUES	GRI-STANDARDS
Energy for new construction, conversion, existing buildings	GRI 302 Energy
Emissions from new construction, conversion, existing buildings	GRI 305 Emissions
Waste management for new construction, conversion, existing buildings	
Climate strategy for new construction, conversion, existing buildings	GRI 306 Waste
Corporate culture and work-life balance	GRI 403 Occupational Health & Safety
Training and further education of employees	GRI 404 Training & Education
Diversity within the company	GRI 405 Diversity & Equal Opportunities
Impact on local communities	
Tenant satisfaction, safety & health	GRI 413 Local Communities
Long-term economic stability	GRI 201 Economic Performance
Transparency & Stakeholder Dialogue	GRI 102-40 - 102-43 Stakeholder Engagement
ESG reporting	
Compliance	GRI 102-45 - 102-56 Reporting Procedure

REPORTING PRACTICE

The ESG Report 2021 refers to the calendar year 2020. The developments in the areas E, S and G illustrate the annual comparison of 2020 to 2019. If certain events and information are relevant for reporting, they are also presented up to the editorial deadline of 31 July 2021. We report in accordance with the GRI Standards ("core" option) and have prepared a corresponding materiality analysis. It ensures that all topics that are important to our stakeholders are addressed in this report.

Our key stakeholder groups include our customers, employees, investors, and tenants. To integrate their assessments in a meaningful way, our Group Sustainability Office listed potentially important sustainability topics in spring 2020 and asked the responsible persons for the respective stakeholder group to prioritise the topics.

MATERIALITY ANALYSIS

In the materiality analysis, companies not only ascertain the relevance of a sustainability topic from the perspective of the stakeholders but also evaluate the effects of their activities.

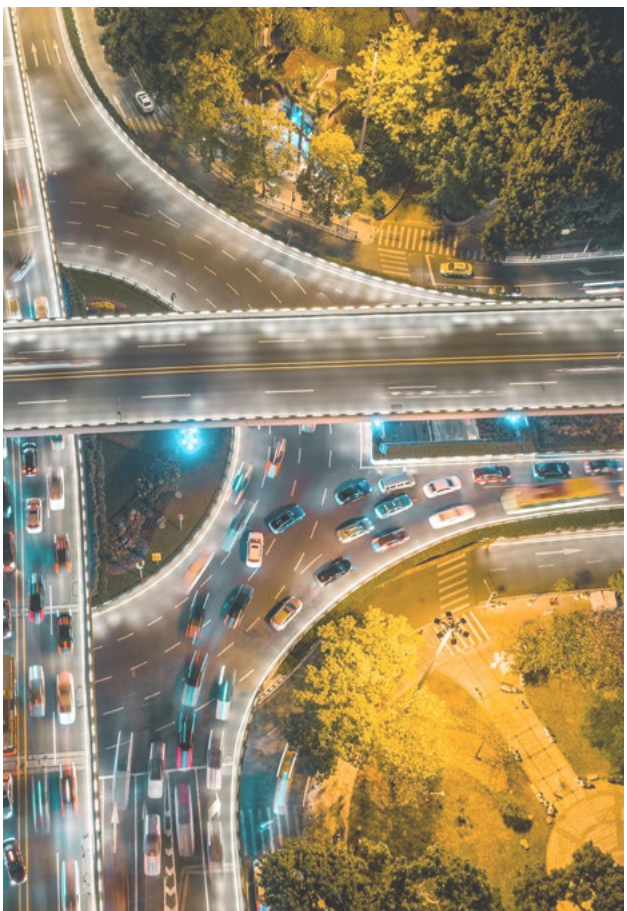
DETERMINATION OF THE RELEVANCE OF A SUSTAINABILITY TOPIC FROM A STAKEHOLDER PERSPECTIVE

The Group Sustainability Office has listed all relevant sustainability issues in detail and presented them to senior staff from the Human Resources, Asset Management, Client Relations, and Investor Relations departments. These employees have selected and prioritised the most important topics for their respective target groups - employees, tenants, customers, and investors. The resulting cluster of topics represents what is considered critical to stakeholders.

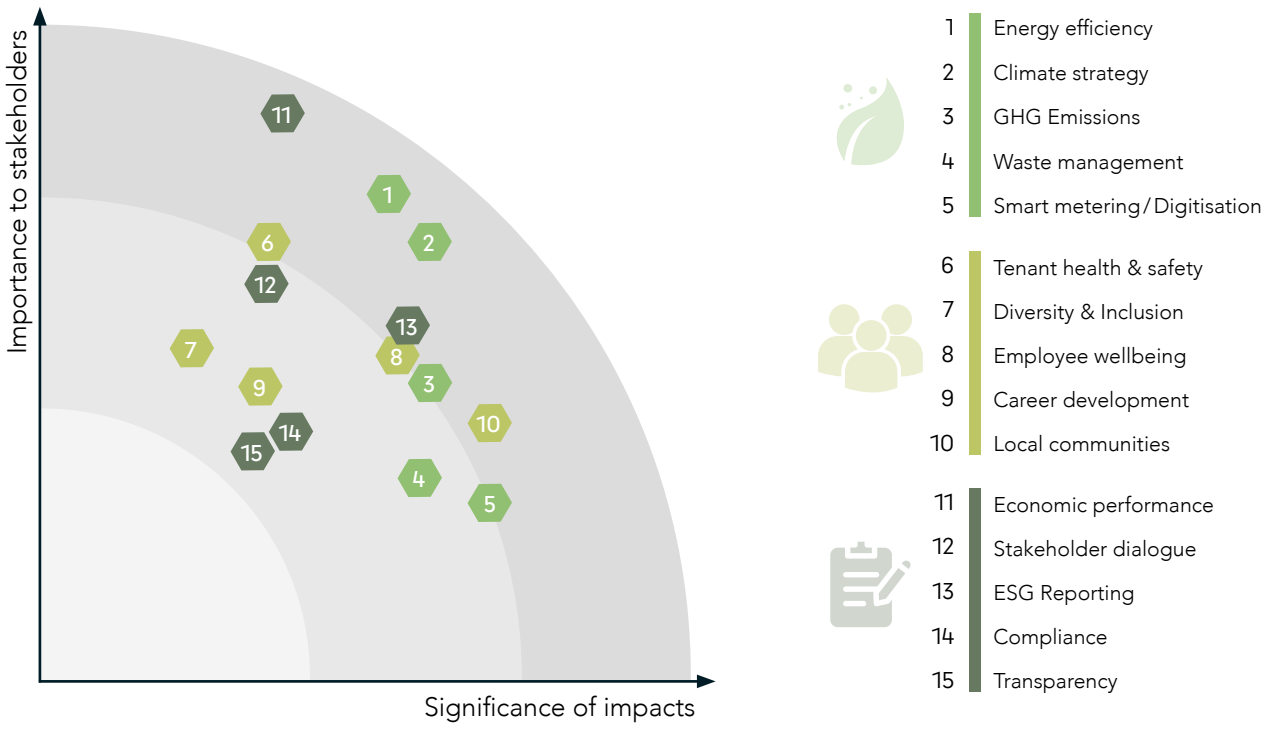
EFFECTS OF ENTREPRENEURIAL ACTIVITY (IMPACT ASSESSMENT)

Less direct is the so-called impact assessment. It measures the effects of entrepreneurial activity. To date, there are no standardised, manageable methods for this. Studies on the impact of the real estate sector on the environment and society were used to find out which corporate activities have a significant effect on the economic, social, and ecological environment.

The resulting materiality matrix was presented to and approved by the ESG Committee, including the CEO and CIO, in May 2020. A review of the materiality matrix will be conducted every three years to ensure material topics are addressed. We have reported against all material disclosures for each area identified in our materiality matrix.



MATERIALITY MATRIX





GRI CONTENT INDEX

GRI 102: General Disclosures 2016 Location or comment		
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	CORESTATE Capital Holding S.A.
102-2	Activities, brands, products, services	https://corestate-capital.com/en/company/about-corestate-capital/
102-3	Location of HQ	4, rue Jean Monnet L-2180 Luxembourg
102-4	Location of operations	https://corestate-capital.com/en/company/european-presence/
102-5	Ownership and legal form	Annual Report 2020; company background pg. 13
102-6	Markets served	The Group's main market is Germany, and it has selected activities in other European countries such as Austria, Switzerland, France, UK, Spain and the Benelux-countries. Annual Report 2020; company background pg. 13
102-7	Scale of the organisation	<p>i. As of 31 December 2020 the Group employed about 757 FTE (Annual Report 2020 pg. 13)</p> <p>Germany 581.32 France 21 Italy 1 Luxembourg 18.1 Austria 8 Poland 3 Spain 7.69 Switzerland 6.81 United Kingdom 110.15</p> <p>ii. https://corestate-capital.com/en/company/european-presence/</p> <p>iii. Annual report 2020 pg. 45</p> <p>iv. Annual report 2020 pg. 45</p> <p>v. https://corestate-capital.com/en/company/about-corestate-capital/</p>
102-8	Information on employees and other workers	<p>Annual Report 2020; Corporate Information pg. 51</p> <p>757 FTE, 42 offices in 7 countries</p> <p>a. Total number of employees 805 (temporary 18/ permanent 787)</p> <p>Male employees 380 (temporary 8/ permanent 372)</p> <p>Female employees 425 (temporary 10/ permanent 415)</p> <p>b. Germany total 626 (temporary 5/ permanent 621)</p> <p>France total 21 (temporary 0/ permanent 21)</p> <p>Italy total 1 (temporary 0/ permanent 1)</p> <p>Luxembourg total 19 (temporary 0/ permanent 19)</p> <p>Austria total 8 (temporary 0/ permanent 8)</p> <p>Poland total 3 (temporary 0/ permanent 3)</p> <p>Switzerland total 7 (temporary 0/ permanent 7)</p> <p>Spain total 8 (temporary 0/ permanent 8)</p> <p>United Kingdom total 112 (temporary 13/ permanent 99)</p> <p>*employee numbers reflect current standing as of December 2020</p> <p>c. full-time employees total 668 (Male 363/ Female 305)</p> <p>Part-time employees total 137(Male 17/ Female 120)</p> <p>d. No</p> <p>e. No</p> <p>f. via our HR IT system; student jobs are not taken into account and mean value of salary data regarding CRM/ HFS</p>
102-9	Supply chain	Omission: Information not available Specific Steps on obtaining information: A supplier code of conduct is currently being developed. Reporting cycle: 2022

102-10	Changes to organisation and supply chain	Company's shareholding structure is available on www.corestate-capital.com under "Shareholders", "Share", "Shareholder Structure"
102-11	Precautionary principle or approach	Annual Report 2020; Risk Management pg. 28-33
102-12	External initiatives	<p>Member of the PRI, EU Taxonomy Practitioners Group and industry initiative ESG Circle of Real Estate.</p> <p>We also offer our clients reporting in accordance with the ESG standard GRESB and industry-standard INREV reporting.</p> <p>CORESTATE Women is a supporting member of the Fondsfrauen, a leading German diversity initiative in the financial sector.</p>
102-13	Memberships of associations	https://corestate-capital.com/en/company/esgvironmental-social-governance/
STRATEGY		
102-14	Statement from senior decision-maker	ESG Report 2021 pg. 4-5 Statement by René Parmantier, CEO CORESTATE Capital Holdind S.A.
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behavior	Annual Report 2020 pg. 19-21
GOVERNANCE		
102-18	Governance structure	Annual Report 2020 pg. 35-40
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	ESG Report 2021 pg. 44-45
102-41	Collective bargaining agreements	No groups have collective bargaining agreements
102-42	Identifying and selecting stakeholders	ESG Report 2021 pg. 44-45
102-43	Approach to Stakeholder engagement	ESG Report 2021 pg. 44-45
102-44	Key topics and concerns raised	ESG Report 2021 pg. 44-45
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Annual report 2020; Consolidated statement of financial position pg. 45 Annual report 2020; Group entities pg. 110-115
102-46	Defining report content and topic boundaries	ESG Report 2021 pg. 44-45
102-47	List of material aspects	ESG Report 2021 pg. 44
102-48	Restatements of information	Annual Report 2019; pg. 134
102-49	Changes in reporting	Omission: Information not available Specific Steps on obtaining information: Not applicable for this time. Reporting cycle: 2022
102-50	Reporting period	ESG Report 2021 pg. 45
102-51	Date of most recent report	ESG Report 2021 is the second report in accordance with the GRI Standards
102-52	Reporting cycle	Reporting cycle is on an annual basis with the effective reporting date 31.12.
102-53	Contact point for questions regarding the report	<p>Georg Schattney Group Head of ESG/Sustainability Officer</p> <p>ESG@corestate-capital.com</p> <p>https://corestate-capital.com/en/company/esgvironmental-social-governance/</p>
102-54	Claims of reporting in accordance with the GRI Standards	ESG Report 2021 pg. 45 This report was prepared in accordance with the GRI Standards: "Core" option.
102-55	GRI content index	ESG Report 2021 pg. 44
102-56	External assurance	The ESG Report 2021 has not been externally audited.



GRI CONTENT INDEX

TOPIC SPECIFIC DISCLOSURES

GRI 200 ECONOMIC

GRI 201: Economic Performance 2016

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	The company reports in compliance with IFRS
103-2	The management approach and its components	The consolidated financial statements of the Company and its group companies (the “Consolidated Group Financial Statements”) for the year ended 31 December 2020 have been prepared in compliance with International Financial Reporting Standards (IFRS). The stand-alone financial statements of the group companies as at 31 December 2020 have been prepared in addition with Local GAAP.
103-3	Evaluation of the management approach	The annual report is developed by the group accounting department on yearly basis.
201-1	Direct economic value generated and distributed	Annual Report 2020; Consolidated Financial Statements pg. 45-49; Balance Sheet pg. 124-125 AG; and Profit and Loss Account pg. 126

GRI 300 ENVIRONMENTAL

GRI 302: Energy 2016

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	ESG Report 2021 pg. 7
103-2	The management approach and its components	ESG Report 2021 pg. 8-9, 12-13
103-3	Evaluation of the management approach	ESG Report 2021 pg. 8-9
302-1	Energy consumption within the organisation	Not Applicable- CORESTATE Capital Holding S.A. does not monitor energy consumption within the organisation.
302-2	Energy consumption outside of the organisation	ESG Report 2021 pg. 7-8, 54
302-3	Energy Intensity	ESG Report 2021 pg. 7-8, 54
302-4	Reduction of energy consumption	ESG Report 2021 pg. 7-8, 54

GRI 303: Water and Effluents 2018

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	ESG Report 2021 pg. 7, 9
103-2	The management approach and its components	ESG Report 2021 pg. 7, 9
103-3	Evaluation of the management approach	ESG Report 2021 pg. 9
303-1	Interactions with water as a shared resource	Not applicable, as we are not monitoring this topic.
303-2	Management of water discharge-related impacts	Not applicable, as we are not monitoring this. The city in which the asset precides is monitored and controlled by city/tenant.
303-3	Water withdrawal	Not applicable
303-4	Water discharge	Total water consumption equals water discharge.
303-5	Water consumption	ESG Report 2021 pg. 7, 9, 55

GRI 305: Emmissions 2016

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	ESG Report 2021 pg. 7-8
103-2	The management approach and its components	ESG Report 2021 pg. 7, 8, 54
103-3	Evaluation of the management approach	ESG Report 2021 pg. 7, 8, 54
305-1	Direct (Scope 1) GHG emissions	Not reported
305-2	Energy indirect (Scope 2) GHG emissions	We are reporting on emissions based on energy consumption, therefore, Scope 2 GHG emissions for CO ₂ is implied.
305-3	Other indirect (Scope 3) GHG emissions	Not reported
305-4	GHG emissions intensity	ESG Report 2021 pg. 8
305-5	Reduction of GHG emissions	ESG Report 2021 pg. 8

GRI 306: Waste 2020

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	ESG Report 2021 pg. 7, 9
103-2	The management approach and its components	ESG Report 2021 pg. 9
103-3	Evaluation of the management approach	ESG Report 2021 pg. 9
306-1	Waste generation and significant waste-related impacts	Information unavailable- in the future we will have more transparency in our waste generation along with impacts
306-2	Management of significant waste-related impacts	Information unavailable- in the future we will have more transparency in our waste generation along with impacts
306-3	Waste generated	ESG Report 2021 pg. 9





GRI CONTENT INDEX

GRI 400 SOCIAL

GRI 403: Occupational Health and Safety 2018

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	ESG Report 2021 pg. 17
103-2	The management approach and its components	ESG Report 2021 pg. 19
103-3	Evaluation of the management approach	ESG Report 2021 pg. 19
403-1	Occupation health and safety managment system	ESG Report 2021 pg. 19, 29
403-2	Hazard identification, risk assessment, and incident investigation	ESG Report 2021 pg. 29
403-3	Occupational health services	ESG Report 2021 pg. 29
403-4	Worker participation, consultation, and communication on occupational health and safety	ESG Report 2021 pg. 29
403-5	Worker training on occupational health and safety	ESG Report 2021 pg. 29
403-6	Promotion of worker health	ESG Report 2021 pg. 29
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESG Report 2021 pg. 29
403-8	Workers covered by an occupational health and safety management system	ESG Report 2021 pg. 29
403-9	Work-related injuries	Injuries on the way to work (<10 employees p.a.)

GRI 404: Training and Education 2016

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	ESG Report 2021 pg. 17, 28
103-2	The management approach and its components	ESG Report 2021 pg. 17, 28
103-3	Evaluation of the management approach	ESG Report 2021 pg. 17, 28
404-1	Average hours of training per year per employee	8 hours average
404-2	Programs for upgrading employee skills and transition assistance programs	ESG Report 2021 pg. 17, 28
404-3	Percentage of employees receiving regular performance and career development reviews	100%

GRI 405: Diversity and Equal Opportunity 2016

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	ESG Report 2021 pg. 17
103-2	The management approach and its components	ESG Report 2021 pg. 18, 27
103-3	Evaluation of the management approach	ESG Report 2021 pg. 18, 56
405-1	Diversity of governance bodies and employees	ESG Report 2021 pg. 18, 56
405-2	Ratio of basic salary and remuneration of women to men	Mean Value of salary p.a. calculated 1 FTE: Male EUR 81,940.68 Female EUR 50,322.09 * does not include CRM/HFS

GRI 413: Local Communities 2016

103 MANAGMENT APPROACH 2016

103-1	Explanation of the material topic and its boundary	ESG Report 2021 pg. 17
103-2	The management approach and its components	ESG Report 2021 pg. 20; https://foundation.corestate-capital.com/
103-3	Evaluation of the management approach	ESG Report 2021 pg. 20, 31
413-1	Operations with local community engagement, impact assessments, and development programs	ESG Report 2021 pg. 20, 31 https://foundation.corestate-capital.com/



DATA COLLECTION OF THE ENVIRONMENTAL INDICATORS

FLOOR SPACE

The data analysis looks at the development in a year-on-year comparison. Therefore, in this year's ESG Report the periods from 1 January 2019 to 31 December 2019 as well as from 1 January 2020 to 31 December 2020 are covered respectively.

The basis of the analysis relates to the consumption and emission data of the buildings that we manage in our digital platform. With regard to data management, which we have successively improved, we can already report successes to this baseline: Compared to our last ESG report, we have now recorded and taken into account consumption and emission data from 15% more buildings than in the previous year.

METERS

The consumption data of our buildings are recorded on the basis of consumption meters. The associated data is sent to us by invoice and automatically divided into monthly data points in our digital platform.

In total, we have just under 33,000 such data points for the period under review, which represents an increase of around 85% compared with the analysis from last year (covering FY 2018-2019).

Waste data is collected based on invoices (emptying frequencies and volumes) of the containers.



CONSUMPTION & EMISSION DATA

In the event that individual monthly consumption usage of water, district heating and natural gas/oil are missing for the period under consideration, any gaps are systematically extrapolated. The consumption usage for those consumption types is tracked on all areas covered by data. Electricity consumption trends are only available for common areas. Here too, data gaps are extrapolated for the missing months.

The general electricity consumption of the buildings is not extrapolated to the total electricity consumption, as the results would not have been valid. Since the inclusion of data for the entire building and common areas results in inaccurate environmental indicators, these are adjusted on an ongoing basis (see section "ongoing adjustment of the basis of calculation").

EXTRAPOLATION OF ENVIRONMENTAL INDICATORS

The missing monthly data is determined by the following exclusion and approximation procedure:

FIRST

Exclusion of meters without allocated consumptions: meters that do not show monthly quantities between January 2019 and December 2020 are excluded from the extrapolation.

SECOND

Exclusion of meters with monthly data availability of fewer than six months within the 24 months: meters showing consumption volumes of less than six months are excluded.

Excluding meters with a standard deviation of more than 20 % per month within the two years: In the first step, we determined the percentage monthly developments of the consumption quantities from January 2019 to December 2020 for each meter. In the next step, we calculated the standard deviation of all determined consumption quantities per month for each meter. Finally, we excluded all meters whose consumption development exceeds the standard deviation of 20 % in at least one of the months.

Non-existent monthly data approximated by random numbers within a tolerance range based on the standard deviation around the present 24-month maximum value per meter: In the first step, we determined the maximum value per meter from the 24 existing monthly consumption quantities. We then replaced all missing monthly data for each meter with this maximum value. Finally, we added a value to each of these monthly values. This value is calculated as follows: random number between negative standard deviation in %, 0 % and positive standard deviation % x 24-month maximum value.

EXAMPLE CALCULATION FOR A METER:

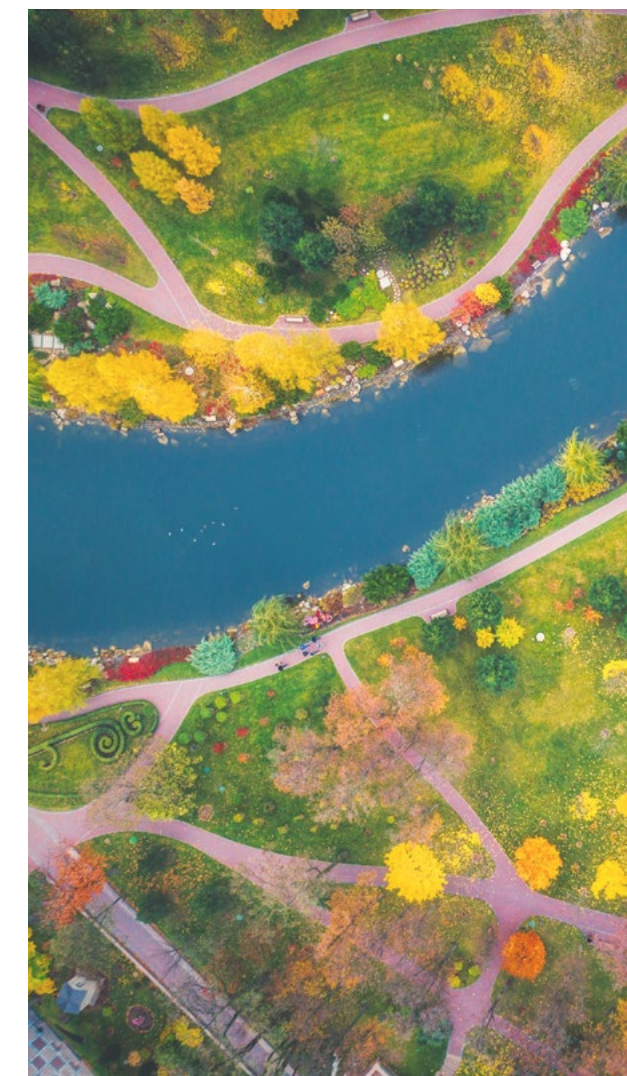
$$\begin{aligned}
 & \text{24-month maximum value} \\
 & \quad = \\
 & \quad 1,000 \text{ kWh} \\
 & \text{Standard deviation of all monthly developments} \\
 & \quad \text{from January 2019 to December 2020} \\
 & \quad = 10 \% \\
 & \text{Approximated monthly value minimum} \\
 & \quad = \\
 & \quad 1,000 \text{ kWh} + (-0.1 \times 1,000 \text{ kWh}) \\
 & \quad = \\
 & \quad 900 \text{ kWh} \\
 & \text{Approximated monthly value maximum} \\
 & \quad = \\
 & \quad 1,000 \text{ kWh} + (+0.1 \times 1,000 \text{ kWh}) \\
 & \quad = \\
 & \quad 1,100 \text{ kWh}
 \end{aligned}$$

DATA COLLECTION OF THE ENVIRONMENTAL INDICATORS

ONGOING ADJUSTMENT OF THE BASIS OF CALCULATION

The consumption and emission values that we publish in the ESG Report 2021 refer to the buildings covered by our data management. This data does not always include all consumption data that is generated in a building but only refers to the data transmitted to us.

In the future, we aim to continuously record, analyse, and optimise all consumption data of the managed portfolio. As part of the digitisation of the building stock, we will also take into account the electricity consumption of the rented space.





DATA COLLECTION OF THE ENVIRONMENTAL INDICATORS

ONE

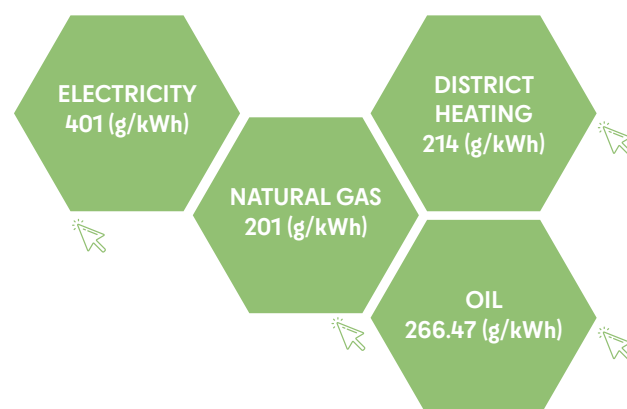
REDUCE CO₂ EMISSIONS PER SQUARE METRE BY 2% ANNUALLY AND BY AT LEAST 20% BY 2025

CALCULATION OF CO₂ EMISSIONS

CO₂ emissions are calculated in two steps. First, the total energy consumption at the building level is determined. Missing monthly values are approximated. In the second step, the energy consumption of the buildings is multiplied by the CO₂ emission factors associated with the type of consumption.

EMISSION FACTORS

Since the buildings whose consumption and emissions are determined are located mostly in Germany, the emission factors [g/kWh] of the German Federal Environment Agency are applied:



DATA BASIS FOR ENERGY CONSUMPTION AND CO₂ EMISSIONS:

At the time of publication of the ESG Report 2021, not all accounting periods could be derived from the accounting system. For this reason, not all monthly consumption data was stored in the system for the existing consumption meters. We have been introducing new processes internally since 2020 to close these information gaps. In the meantime, monthly consumption gaps are systematically extrapolated.

Corestate has developed a strategy for the digitisation of buildings and has been implementing it since 2019. This will enable the data quality of the available energy consumption to be increased in the future and the total energy usage per building, including total rental space electricity, to be collected, analysed, and optimised more efficiently. [Smart Meter](#)

TWO

IMPROVE ENERGY EFFICIENCY PER SQUARE METRE BY 5% PER YEAR AND BY AT LEAST 30% BY 2025

The energy demand of buildings consists of heating energy, general electricity, and tenant electricity. For the period from 1 January 2019 to 31 December 2020, no information was available on the electricity consumption of tenant premises.

Corestate has developed a strategy for the digitisation of buildings and has been implementing it since 2019. This will enable the data quality of the available energy consumption to be increased in the future and the total energy usage per building, including total rental space electricity, to be collected, analysed, and optimised more efficiently. [Smart Meter](#)

DIGITISATION OF METERS

At the time of publication of the ESG Report 2021, not all accounting periods could be derived from the accounting systems. For this reason, not all monthly consumption data was stored in the system for the existing consumption meters. We have been introducing new processes internally since 2021 to close these information gaps. In the meantime, monthly consumption gaps are systematically extrapolated.

In order to correctly reflect the actual status on the way to our targets, the calculation bases for the annual achievement of targets for CO₂ emissions and electricity consumption are updated and adjusted accordingly.

THREE

REDUCE WATER CONSUMPTION PER SQUARE METRE BY 2% ANNUALLY AND BY AT LEAST 20% BY 2025

Data on water consumption for the period from 1 January 2019 to 31 December 2020 was partly available.

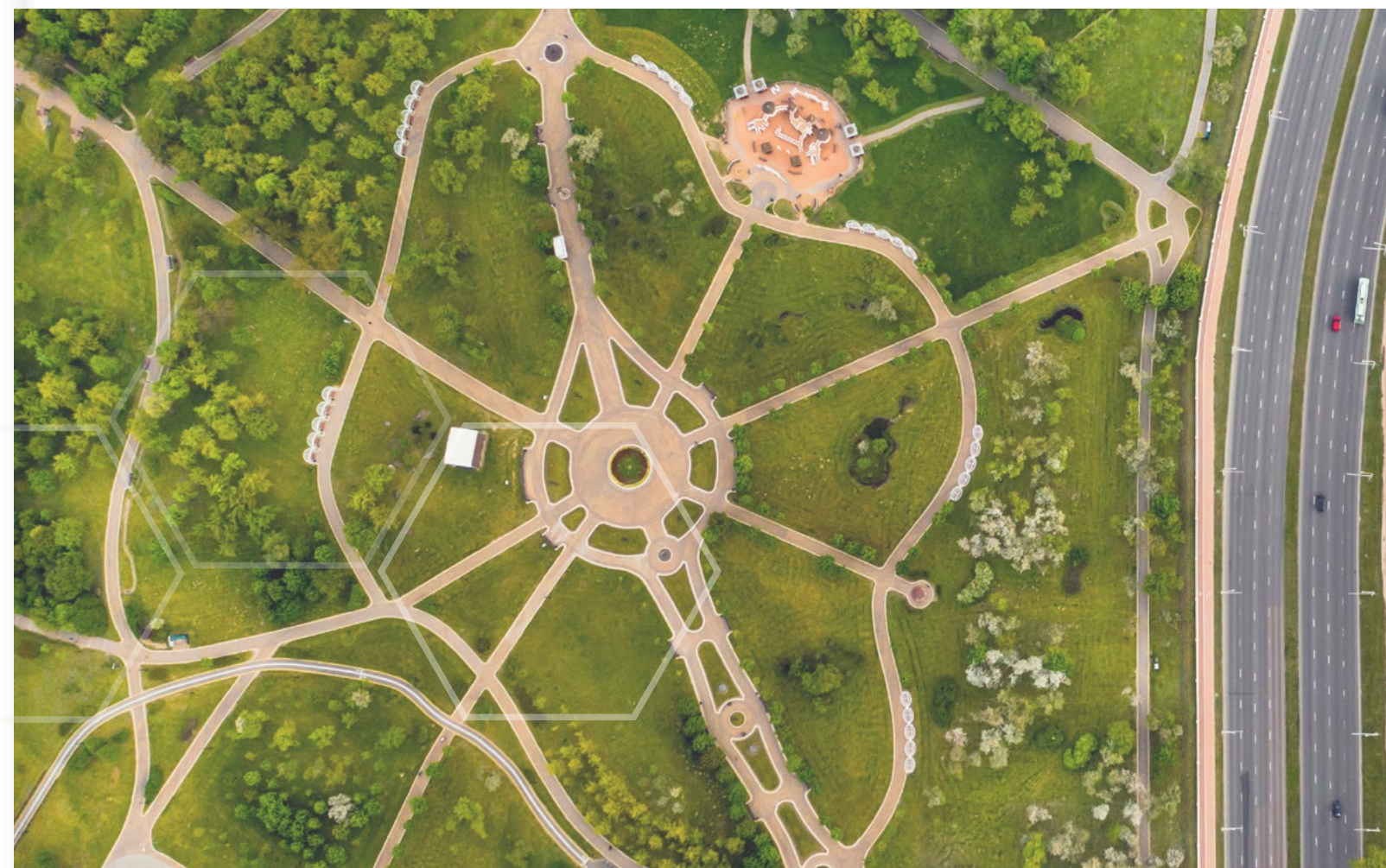
At the time of the publication of the ESG Report 2021, however, not all accounting periods could be derived from the accounting systems. For this reason, not all monthly consumption data was stored in the system for the existing consumption meters. We have been introducing new processes internally since 2020 to close these information gaps. In the meantime, monthly consumption gaps are systematically extrapolated.

FOUR

REDUCE NON-RECYCLED OR REUSED RESIDUAL WASTE BY 2% PER SQUARE METRE PER YEAR AND BY AT LEAST 20% BY 2025

The volume of residual waste is to be reduced. To this end, we have reduced locally accepted waste separation systems for each postcode to two areas: recyclable waste in the paper, plastic and compost categories and non-recyclable waste, i.e., residual waste.

At the time of publication of the ESG Report 2021, not all accounting periods could be derived from the accounting systems. For this reason, not all monthly waste data was stored in the system for the buildings in question. We have been introducing new processes internally since 2020 to close these information gaps. In the meantime, monthly consumption gaps are systematically extrapolated.





EXPLANATION OF THE SOCIAL INDICATORS

Members of the first and second management levels are considered to be managers. The following table illustrates the development of the proportion of women at the respective levels from December 2018 to December 2020.

ONE
INCREASE THE QUOTA OF FEMALE MANAGERS BY 5% ANNUALLY AND BY AT LEAST 30% BY 2025

CAREER LEVEL	PERCENTAGE OF WOMEN ON 31.12.2018	PERCENTAGE OF WOMEN ON 31.12.2019	PERCENTAGE OF WOMEN ON 31.12.2020
BOARD OF DIRECTORS	0%	0 %	0 %
1 st Management level (Managing Directors and SLT members)	5%	4 %	14 %
2 nd Management level (Department Leader and ALT members)	35 %	36 %	41 %
1 st + 2 nd level of management (Department Leader and above)	28 %	27 %	30 %
3. Management level (Team Leader)	64 %	57 %	64 %
WORKFORCE	59 %	54 %	44 %

CORESTATE RATING

MSCI

In 2020, Corestate Capital Holding S.A. received a rating of BBB (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment.

PRI

As of 2020, Corestate Capital Holding S.A. achieved a “B” score from the Principles of Responsible Investment (PRI) rating.

CONTACT US

GEORG SCHATTNEY

Group Head of ESG / Sustainability Officer

ESG@corestate-capital.com





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