

## Principal Adverse Impacts (PAIs)

To comply with the requirements of SFDR Level 2, from 1 January 2023, Financial Market Participants (FMPs) in the EU are required to report at an entity-aggregate level a ‘Statement on principal adverse impacts of investment decisions on sustainability factors’. This entity-level reporting applies to:

- PGIM Luxembourg S.A., as the manager of Luxembourg registered funds;
- PGIM Real Estate Germany AG, as the manager of Germany registered funds; and
- Non-EU jurisdiction funds which are actively marketing in Europe.

The regulation requires FMP for direct real estate assets to report against two mandatory and one voluntary (optional) PAIs.

PAIs considered by PGIM Real Estate		
<b>17. Fossil Fuels</b>	Exposure to Fossil Fuels	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels
<b>18. Energy Efficiency</b>	Exposure to Energy In-efficient Assets	Share of investments in “energy-inefficient” real estate assets
<b>19. Energy Consumption</b>	Energy Consumption Intensity	Energy consumption in GWh of owned real estate assets per square meter
<b>20. Waste</b>	Waste Production in Operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract

### Energy Efficiency PAI

Energy Performance Certificates (EPC) are used as a proxy energy rating for the Energy Efficiency PAI. EPC labels are already in place, however, the methodology used to score buildings and the scoring scale itself currently vary between countries. These differences significantly reduce transparency and make it extremely complex to compare European building stock.

Additionally, the EPC focuses on a snapshot of the operational sustainability characteristics of the underlying assets, rather than on the ambition for, and progress toward, the transition of such assets. Investment in a real estate asset is actually an investment into a business plan of activity, which can include a costed plan to bring the performance of an asset up to the level recognised as energy efficient under SFDR. On account of the real estate investment lifecycle, this means that any core plus, value add or opportunistic real estate asset would not be likely to be categorised as energy efficient.

Typically, a building would be sold when this programme of activity is complete, and therefore the manager who undertakes this activity would not be recognised as engaging in sustainable activity.

Brussels, 6.4.2022  
C(2022) 1931 final

ANNEX 1

## **ANNEX**

**to the**

**Commission Delegated Regulation (EU) .../...**

**supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports**

## **ANNEX I**

### **Principal adverse sustainability impacts statement**

For the purposes of this Annex, the following definitions shall apply:

- (1) ‘scope 1, 2 and 3 GHG emissions’ means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council<sup>1</sup>;
- (2) ‘greenhouse gas (GHG) emissions’ means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council<sup>2</sup>;
- (3) ‘weighted average’ means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;
- (4) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (5) ‘companies active in the fossil fuel sector’ means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>3</sup>;
- (6) ‘renewable energy sources’ means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;
- (7) ‘non-renewable energy sources’ means energy sources other than those referred to in point (6);
- (8) ‘energy consumption intensity’ means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

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<sup>1</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

<sup>2</sup> Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

<sup>3</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

- (9) ‘high impact climate sectors’ means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council<sup>4</sup>;
- (10) ‘protected area’ means designated areas in the European Environment Agency’s Common Database on Designated Areas (CDDA);
- (11) ‘area of high biodiversity value outside protected areas’ means land with high biodiversity value as referred to in Article 7b(3) of Directive 98/70/EC of the European Parliament and of the Council<sup>5</sup>;
- (12) ‘emissions to water’ means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council<sup>6</sup> and direct emissions of nitrates, phosphates and pesticides ;
- (13) ‘areas of high water stress’ means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aqueduct”;
- (14) ‘hazardous waste and radioactive waste’ means hazardous waste and radioactive waste;
- (15) ‘hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council<sup>7</sup> ;
- (16) ‘radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom<sup>8</sup>;
- (17) ‘non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC;
- (18) ‘activities negatively affecting biodiversity-sensitive areas’ means activities that are characterised by all of the following:
  - (a) those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated;

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<sup>4</sup> Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

<sup>5</sup> Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

<sup>6</sup> Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

<sup>7</sup> Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

<sup>8</sup> Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

- (b) for those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:
- (i) Directive 2009/147/EC of the European Parliament and of the Council<sup>9</sup>;
  - (ii) Council Directive 92/43/EEC<sup>10</sup>;
  - (iii) an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council<sup>11</sup>;
  - (iv) for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii);
- (19) ‘biodiversity-sensitive areas’ means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas (‘KBAs’), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139<sup>12</sup>;
- (20) ‘threatened species’ means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in Section 7 of Annex II to Delegated Regulation (EU) 2021/2139;
- (21) ‘deforestation’ means the temporary or permanent human-induced conversion of forested land to non-forested land;
- (22) ‘UN Global Compact principles’ means the ten Principles of the United Nations Global Compact;
- (23) ‘unadjusted gender pay gap’ means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;
- (24) ‘board’ means the administrative, management or supervisory body of a company;
- (25) ‘human rights policy’ means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights;

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<sup>9</sup> Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

<sup>10</sup> Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

<sup>11</sup> Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

<sup>12</sup> Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

- (26) ‘whistleblower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council<sup>13</sup>;
- (27) ‘inorganic pollutants’ means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council<sup>14</sup>, for the Large Volume Inorganic Chemicals- Solids and Others industry;
- (28) ‘air pollutants’ means direct emissions of sulphur dioxides (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), non-methane volatile organic compounds (NMVOC), and fine particulate matter (PM<sub>2.5</sub>) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council<sup>15</sup>, ammonia (NH<sub>3</sub>) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;
- (29) ‘ozone depletion substances’ mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

For the purposes of this Annex, the following formulas shall apply:

- (1) ‘GHG emissions’ shall be calculated in accordance with the following formula:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

- (2) ‘carbon footprint’ shall be calculated in accordance with the following formula:

$$\frac{\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

- (3) ‘GHG intensity of investee companies’ shall be calculated in accordance with the following formula:

<sup>13</sup> Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

<sup>14</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

<sup>15</sup> Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance ), OJ L 344, 17.12.2016, p. 1–31

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

- (4) ‘GHG intensity of sovereigns’ shall be calculated in accordance with the following formula:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{The country's Scope 1, 2 and 3 GHG emissions}_i}{\text{Gross Domestic Product}_i(\text{€M})} \right)$$

- (5) ‘inefficient real estate assets’ shall be calculated in accordance with the following formula:

$$\frac{((\text{Value of real estate assets built before 31/12/2020 with EPC of C or below}) + (\text{Value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU}))}{\text{Value of real estate assets required to abide by EPC and NZEB rules}}$$

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For the purposes of the formulas, the following definitions shall apply:

- (1) ‘current value of investment’ means the value in EUR of the investment by the financial market participant in the investee company;
- (2) ‘enterprise value’ means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
- (3) ‘current value of all investments’ means the value in EUR of all investments by the financial market participant;
- (4) ‘nearly zero-energy building (NZEB)’, ‘primary energy demand (PED)’ and ‘energy performance certificate (EPC)’ shall have the meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council<sup>16</sup>.

<sup>16</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Table 1

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

**Publication date:** 30 June 2025

**Financial market participant** PGIM Real Estate Germany AG (LEI: 529900X2Q4V8EL5EB666) and PGIM Real Estate Luxembourg S.A. (LEI: 549300L5RQD5M18TN802) (together “PGIM Real Estate”)

**Summary**

PGIM Real Estate adheres to its Principal Adverse Impacts – Investment Due Diligence Policy, dated January 1, 2024, which considers the main negative effects of investment decisions on sustainability indicators, as mandated by the SFDR and SFDR RTS. The policy includes indicators related to real estate investments and covers areas such as climate and environment.

The policy also outlines the due diligence process before investment, which includes assessing sustainability factors and making reasonable assumptions if data is not available. The results of this assessment are then used in the investment phase to evaluate the potential negative impact of the proposed investment on environmental sustainability and decide on any necessary mitigating actions.

Additionally, the policy outlines the ongoing monitoring and improvement of investments against sustainability indicators, which can lead to potential divestment or engagement with asset management to reduce negative impact. Detailed action plans are created for each asset during ownership, with the development/refurbishment stage identified as a crucial point for improving sustainability performance.

PGIM Real Estate is committed to responsible investment practices and supports the Taskforce for Climate-Related Disclosures (TCFD) framework, the UN-backed Principles of Responsible Investment (PRI), and the FRC’s UK Stewardship Code. They conduct net zero carbon audits for selected assets and generate the necessary data in relation to its assets to ensure compliance with its commitments.

In 2024, a negligible 0.2% of investments were involved in fossil fuels, 42% were in energy-inefficient real estate assets, and the impact for the waste PAI indicator was 12%. The disclosure was also extended in 2024 to include energy consumption intensity PAI for all Article 8 funds. Among those funds, the average energy consumption intensity of owned real estate assets was 0.00012 GWh/m<sup>2</sup>. The goal is to reduce exposure to fossil fuels, energy-inefficient real estate assets, waste production in operation and energy consumption intensity through active ownership.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.



**Description of the principal adverse impacts on sustainability factors**

**Indicators applicable to investments in investee companies**

This section is not applicable to PGIM Real Estate.

<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact [year n]</b>	<b>Impact [year n-1]</b>	<b>Explanation</b>	<b>Actions taken, and actions planned and targets set for the next reference period</b>
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**CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS**

Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	This section is not applicable to PGIM Real Estate.
		Scope 2 GHG emissions	
		Scope 3 GHG emissions	
		Total GHG emissions	
	2. Carbon footprint	Carbon footprint	
	3. GHG intensity of investee companies	GHG intensity of investee companies	

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	This section is not applicable to PGIM Real Estate.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR	

		invested, expressed as a weighted average	
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>			
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	This section is not applicable to PGIM Real Estate.

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	This section is not applicable to PGIM Real Estate.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	
	14. Exposure to controversial weapons (anti-personnel mines, cluster	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	This section is not applicable to PGIM Real Estate.

	munitions, chemical weapons and biological weapons)					
<div>Indicators applicable to investments in sovereigns and supranationals</div> <div>This section is not applicable to PGIM Real Estate.</div>						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	This section is not applicable to PGIM Real Estate.			
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law				
<div>Indicators applicable to investments in real estate assets</div>						

Adverse sustainability indicator		Metric	Impact 2024	Impact 2023	Explanation	Actions taken, and actions planned and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0.2%	0%		All PAIs are a material consideration of investment committee. The target will be to continue to identify and manage our exposure to fossil fuels through real estate assets.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	42%	42%	The energy efficiency PAI, as defined within the Final Report on draft Regulatory Technical Standards (RTS) JC 2021 03. dated 02 February 2021, does not currently translate to US and APAC domiciled assets.	All PAIs are a material consideration of investment committee. The target through active ownership will be to identify and understand the path to reduce our exposure to energy in-efficient real estate assets.
Other indicators for principal adverse impacts on sustainability factors						

This section is not relevant to PGIM Real Estate.

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

PGIM Real Estate considers the principal adverse impact (PAI) of investment decisions on sustainability indicators as set out in its policy Principal Adverse Impacts – Investment Due Diligence Policy, dated January 1, 2024, as required by the SFDR and the relevant regulatory technical standards (SFDR RTS). These indicators include mandatory ones related to real estate investments and additional ones related to real estate investments considering the topics climate, environment, social and employee matters, human rights, and anti-corruption. PGIM Real Estate uses principles of materiality, alignment, ongoing relevance, interpretation, and data availability to select additional PAI indicators. The policy also details the due diligence process prior to investment, where the transactions teams assess sustainability items and make reasonable assumptions if data is not available. The results of this diligence assessment then feed into the investment phase, where the relevant investment professional assesses the potential adverse impact of the proposed investment on environmental sustainability and decides on mitigating actions, if necessary. The policy also covers ongoing monitoring and improvement of investments against sustainability indicators, allowing for potential divestment or engagement with asset management to reduce adverse impact. During ownership of investments, detailed action plans are created for each asset to identify areas of improvement. The development/refurbishment stage is identified as a key intervention point to improve the sustainability performance of assets. All new developments and refurbishments aim to follow best practices, targeting energy-efficient assets and green building certification.

The PAI reported by PGIM Real Estate are based on datasets generated across our assets, which are collected on acquisition and in active ownership (equity) or on request from the borrower at point of lending (debt). We do not currently utilise estimates within our SFDR reporting. The majority of the PAI indicators have high data coverage and relatively low margins of error. To note, a  $\pm 10\%$  threshold is used to screen the area covered by the EPC against the gross floor area of the building, which informs the Energy Efficiency PAI (no. 18), and an outlier check is used on the energy consumption dataset, which informs the Energy Consumption PAI (no. 19,  $\pm 30\%$  threshold for total energy consumption compared to the previous year and as an intensity metric against a maximum and minimum threshold). This further reduces the margin of error in disclosure.

### **Engagement policies**

This is not relevant to PGIM Real Estate.

### **References to international standards**

PGIM is a strong supporter of the Taskforce for Climate-Related Disclosures (TCFD) framework, actively working to enhance transparency on climate-related risks and opportunities across their asset classes. Additionally, PGIM Real Estate has committed to responsible investment practises as a signatory to the UN-based Principles of Responsible investment (PRI) and FRC's UK Stewardship Code, which promotes high stewardship

and reporting standards. To further their commitment to sustainability, PGIM Real Estate is a signatory to the ULI Greenprint Net Zero by 2050 goal (Track 1). PGIM Real Estate uses a data driven approach to prioritize assets for net zero audits, providing insights into their energy and carbon intensity and the potential costs of meeting carbon-reduction targets. The disclosure of both the Energy Efficiency PAI (no. 18) and energy consumption PAI (no 19) is therefore strongly aligned to PGIM Real Estate’s strategic initiatives and priorities.

**Historical comparison**

PGIM Real Estate continues to prioritize environmental sustainability, with exposure to fossil fuels remaining negligible at just 0.2% - up slightly from 0% in 2023; exposure to energy-inefficient real estate assets remaining consistent between 2024 and 2023 reporting years at 42% but significantly reduced from 57% in the initial reporting year (2022); and waste production in operations decreasing from 14% in 2023 to 12% in 2024. The business also remains committed to strengthening data collection processes and coverage to better assess and manage the environmental footprint of its investments.

To further improve the materiality and transparency of reporting, PGIM Real Estate also began disclosing the energy consumption intensity PAI for Article 8 funds in 2024. Among those funds, the average energy consumption intensity of owned real estate assets was 0.00012 GWh/m², offering more insight into operational efficiency and helping inform future energy reduction strategies.

Table 2

**Additional climate and other environment-related indicators**

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
<b>Indicators applicable to investments in investee companies</b> This section is not relevant to PGIM Real Estate.		
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>		



Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average
	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source
Water, waste and material	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in

emissions		cubic meters) per million EUR of revenue of investee companies  2. Weighted average percentage of water recycled and reused by investee companies
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy
	9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
	10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing

	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies
	13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average
	14. Natural species and protected areas	<p>1.Share of investments in investee companies whose operations affect threatened species</p> <p>2.Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area</p>

		of high biodiversity value outside protected areas
	15. Deforestation	Share of investments in companies without a policy to address deforestation
Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds
<p align="center"><b>Indicators applicable to investments in sovereigns and supranationals</b></p> <p align="center">This section is not relevant to PGIM Real Estate.</p>		
Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds
<p align="center"><b>Indicators applicable to investments in real estate assets</b></p>		

Greenhouse gas emissions	<p>18. GHG emissions</p> <p>PGIM Real Estate did not select this voluntary indicator for 2023.</p>	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets
Energy consumption	<p>19. Energy consumption intensity</p> <p>The 2024 energy consumption impact for Article 8 funds was 0.00012 GWh/m<sup>2</sup></p> <p>Actions taken, actions planned, and targets set for 2024: All PAIs are a material consideration of investment committee. The target through active ownership will be to identify and understand the path to reduce energy consumption for our real estate assets.</p> <p>Explanation:</p> <ol style="list-style-type: none"> <li>1. Total energy consumption is final energy used within the building i.e. socket load (as opposed to primary). Total energy consumption also includes transition enabling i.e. including energy from activities that facilitate wider decarbonisation of the economy. Assets with less than 100% Data Coverage (Area/Time) are excluded.</li> <li>2. Asset sizes are defined by Gross Floor Area (GFA). Going forward we are working to align to European Regulation and utilise Gross Internal Area.</li> <li>3. Vacancy rate is not considered within the calculation of energy consumption intensity. It is assumed that the consumption is representative as if the occupancy rate were 100%.</li> </ol>	Energy consumption in GWh of owned real estate assets per square meter

Waste	<p>20. Waste production in operations</p> <p>The 2024 impact for waste was 12%.</p> <p>Actions taken, actions planned, and targets set for 2024: All PAIs are a material consideration of investment committee. The target through active ownership will be to identify real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract and ensure these are provided during active ownership.</p> <p>Explanation:</p> <ol style="list-style-type: none"> <li>1. This includes real estate assets where the local authority / municipality by ordinance provides a separate collection of recyclable material.</li> <li>2. The waste PAI, as defined within the Final Report on draft RTS JC 2021 03 dated, 2 February 2021, has a metric specific to waste generated during the operation of a standing asset and does not readily translate to an asset under construction/major renovation. Assets under construction have therefore been removed from the waste calculation.</li> </ol>	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
Resource consumption	<p>21. Raw materials consumption for new construction and major renovations</p> <p>PGIM Real Estate did not select this voluntary indicator for 2023.</p>	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations
Biodiversity	<p>22. Land artificialisation</p> <p>PGIM Real Estate did not select this voluntary indicator for 2023.</p>	Share of non-vegetated surface area (surfaces that have not been

		vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets
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*Table 3*

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>		
<p>The final Regulatory Technical Standards (RTS) did not include any social adverse sustainability indicators for real estate assets and hence no social PAIs are required to be disclosed as set out in Table 3 of Annex I. Social considerations are however included in the management of the funds, such as tenant comfort, wellness and engagement etc.</p>		
<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors (qualitative or quantitative)</b>	<b>Metric</b>
<p><b>Indicators applicable to investments in investee companies</b></p> <p>This section is not relevant to PGIM Real Estate.</p>		
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy

	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)
	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers



	7. Incidents of discrimination	<p>1. Number of incidents of discrimination reported in investee companies expressed as a weighted average</p> <p>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average</p>
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address

		adverse human rights impacts
	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee

		companies on a weighted average basis
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies
<p align="center"><b>Indicators applicable to investments in sovereigns and supranationals</b></p> <p align="center">This section is not relevant to PGIM Real Estate.</p>		

Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column
	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely including a quantitative indicator explained in the explanation column
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU

		list of non-cooperative jurisdictions for tax purposes
	23. Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using a quantitative indicator explained in the explanation column
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column

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The ESG related EU regulations have been, and are expected to continue to be, subject to periodic amendments, supplements and changes in interpretation and market practice including following additional guidance from the European Commission and the European Supervisory Authorities. As a consequence PGIM Real Estate may determine that it is appropriate to make amendments in respect of its interpretation and application of such regulations.



## **Erklärung zu den wichtigsten negativen Auswirkungen von Investitionsentscheidungen auf Nachhaltigkeitsfaktoren - Zusammenfassung für den Referenzzeitraum vom 1. Januar bis 31. Dezember 2024**

PGIM Real Estate Germany AG (LEI: 529900X2Q4V8EL5EB666) und PGIM Real Estate Luxembourg S.A. (LEI: 549300L5RQD5M18TN802) (zusammen „PGIM Real Estate“)

PGIM Real Estate hält sich an die „Principal Adverse Impacts – Investment Due Diligence Policy“ vom 1. Januar 2024, die die wesentlichen negativen Auswirkungen von Investitionsentscheidungen auf Nachhaltigkeitsindikatoren berücksichtigt, wie es durch die SFDR und die SFDR RTS vorgeschrieben ist. Die Richtlinie umfasst Indikatoren im Zusammenhang mit Immobilieninvestitionen und deckt Bereiche wie Klima und Umwelt ab.

Die Richtlinie beschreibt zudem den Due-Diligence-Prozess vor einer Investition, der die Bewertung von Nachhaltigkeitsfaktoren einschließt und bei fehlenden Daten die Anwendung angemessener Annahmen vorsieht. Die Ergebnisse dieser Bewertung werden in der Investitionsphase genutzt, um die potenziellen negativen Auswirkungen der vorgeschlagenen Investition auf die ökologische Nachhaltigkeit zu bewerten und über notwendige Minderungsmaßnahmen zu entscheiden.

Darüber hinaus legt die Richtlinie die laufende Überwachung und Verbesserung von Investitionen im Hinblick auf Nachhaltigkeitsindikatoren fest, was potenziell zu einer Veräußerung oder einer Zusammenarbeit mit dem Asset Management führen kann, um negative Auswirkungen zu reduzieren. Für jedes Asset werden während der Besitzphase detaillierte Aktionspläne erstellt, wobei die Entwicklungs- und Sanierungsphase als entscheidender Punkt zur Verbesserung der Nachhaltigkeitsleistung identifiziert wird.

PGIM Real Estate verpflichtet sich zu verantwortungsvollen Investitionspraktiken und unterstützt den Rahmen des Taskforce for Climate-Related Disclosures (TCFD), die von den Vereinten Nationen unterstützten Prinzipien für verantwortungsbewusstes Investieren (PRI) sowie den UK Stewardship Code des FRC. Es werden Netto-Null-Kohlenstoff-Audits für ausgewählte Vermögenswerte durchgeführt, und die erforderlichen Daten in Bezug auf die Vermögenswerte werden generiert, um die Einhaltung der Verpflichtungen sicherzustellen.

Im Jahr 2024 waren vernachlässigbare 0,2 % der Investitionen in fossile Brennstoffe involviert, 42 % entfielen auf energieineffiziente Immobilien, und der Einfluss auf den Abfall-PAI-Indikator betrug 12 %. Die Offenlegung wurde im Jahr 2024 auch auf die Energieverbrauchsintensität-PAI für alle Artikel-8-Fonds ausgeweitet. Unter diesen Fonds betrug die durchschnittliche Energieverbrauchsintensität der gehaltenen Immobilienvermögenswerte 0,00012 GWh/m². Ziel ist es, die Exponierung gegenüber fossilen Brennstoffen, energieineffizienten Immobilien, Abfallproduktion im Betrieb und Energieverbrauchsintensität durch aktives Eigentum zu reduzieren.

Diese Erklärung zu den wesentlichen nachteiligen Auswirkungen auf Nachhaltigkeitsfaktoren deckt den Berichtszeitraum vom 1. Januar bis zum 31. Dezember 2024 ab.