LHI

Quality for Your Success



Environment

Social

Governance

Sustainability activities and key figures for 2025









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The LHI Group

For us, sustainability should be both a matter of course and an integral part of our corporate culture and future strategy. LHI's strategy is geared towards the long term. We consider the long-term consequences of current decisions. Our environmental activities include measures relating to energy, resources and climate protection. We assume social and societal responsibility.

The LHI Group consists of LHI Leasing GmbH, founded October 1, 1973 as a real estate leasing company, and its subsidiaries. Since 2015, LHI Leasing GmbH has been a wholly owned subsidiary of LHI Holding GmbH, which, in turn, is wholly owned by four private individuals who were also managing directors of LHI until 31 December 2020.

The LHI Group is a provider of Structured Finance as well as an asset and investment manager for companies and investors. Complementary services, such as insurance solutions, real estate valuations, the performance of functions related to construction controlling or the management of external real estate portfolios, round out the product range.

LHI is a regulated company in the financial industry and is therefore subject to the provisions of the German Banking Act.

With regard to capital brokerage and the management of equity investment products, major parts of the services are provided by the wholly-owned subsidiary, LHI Kapitalverwaltungsgesellschaft mbH. LHI Kapitalverwaltungsgesellschaft mbH is also subject to German financial supervision, has its own staff and is linked to LHI by profit and loss transfer agreement.

We offer investment management services for the Real Estate and Renewables. We manage one AIF in the Aviation asset class. LHI's products in these asset classes fulfil all the requirements of institutional investors. Design, asset management as well as Portfolio management – including risk management and reporting – are all performed completely by LHI Group.

Information on the asset classes shown relates to investment management at LHI Kapitalverwaltungsgesellschaft.

OVER

50

YEARS OF EXPERIENCE

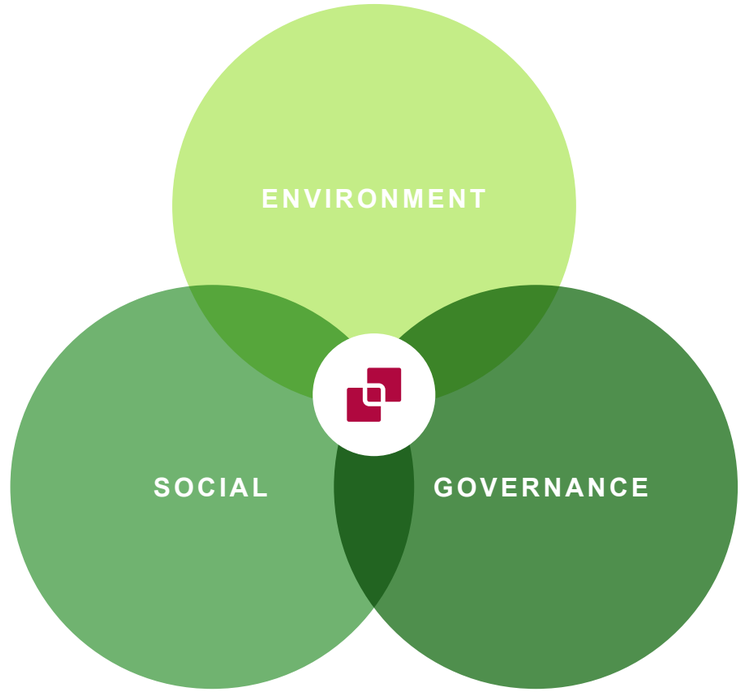
ONE OF THE LARGEST PORTFOLIO MANAGERS ON THE MARKET

AROUND

260

EMPLOYEES

Our actions are based on the3-pillar model of sustainability and take ecological, social and economic aspects into account.



Environment – Ecological responsibility

The focus here is on the generation and use of renewable energies, minimising the use of non-renewable resources, minimising energy consumption as well as reducing pollutant emissions. Ecological aspects are based on the original idea of not overexploiting nature. This implies that the natural foundations of life are only utilised to the extent that they can be regenerated.

Social – Social responsibility

The topic of "Social" includes aspects such as occupational health and safety, diversity and social commitment. A state or a society should be organised so that the social tensions are limited, and conflicts do not escalate, but are solved in a peaceful and civil way.

Governance – Economic responsibility

"Governance" is understood as sustainable company management, for example on the basis of corresponding corporate values. An economical action is generally deemed to be sustainable if it can be conducted permanently.

What does sustainability mean for the management of the LHI Group?



“LIVED SUSTAINABILITY REQUIRES SOLUTIONS, NOT ONLY WORDS. WITH OUR INVESTMENT PRODUCTS WE CAN ACTIVELY ASSIST IN DESIGNING THESE SOLUTIONS.”

Markus Niedermeier



“AS A COMPANY, WE TAKE RESPONSIBILITY – FOR OUR EMPLOYEES, OUR CUSTOMERS, AND OUR ENVIRONMENT. SUSTAINABILITY IS NOT A TREND FOR US, BUT A COMPONENT OF OUR CORPORATE CULTURE AND FUTURE STRATEGY.”

Alexander von Dobschütz



“FOR US, SUSTAINABILITY ALSO MEANS PROVIDING OUR CUSTOMERS AND INVESTORS WITH THE BEST POSSIBLE SUPPORT WHEN IMPLEMENTING PRODUCT INVESTMENTS WITH REGARD TO THE NECESSARY CHANGES.”

Clemens Richter

Sustainability in figures

CO_2 FOOTPRINT

The LHI Group has been measuring its CO_2 emissions since 2020. The emissions caused by business activities according to Scope 1, Scope 2 and partially Scope 3 (Greenhouse Gas Protocol - GHG) are offset in the balance sheet.

By subletting office space at our Pullach site, we have been able to further reduce our proportionate emissions since 2024. We have entered into green leases exclusively, which include a sustainability advisory board that meets regularly.

Since joining the Ebersberg-Munich Climate Alliance in 2022, our annual carbon footprint has been measured by the Ebersberg-Munich Energy Agency. Since then, we have reduced the greenhouse gas emissions recorded within the defined reporting framework by 30 percent to 409 tonnes of CO_2. We offset these emissions through “Zukunft + Certificates” from the “Aktion Zukunft +” initiative run by Munich District. Under this scheme, the same amount invested in the purchase of international CO_2 certificates is channelled into local climate protection projects.

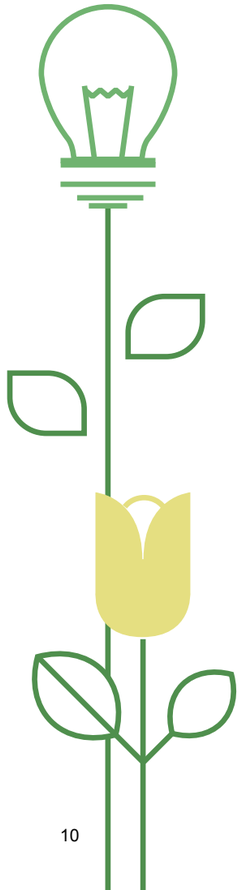
Internationally, we have opted for Gold Standard certificates for a solar park in India (GSF register (goldstandard.org). Locally, we support two forest conversion projects in the districts of Munich and Ebersberg.

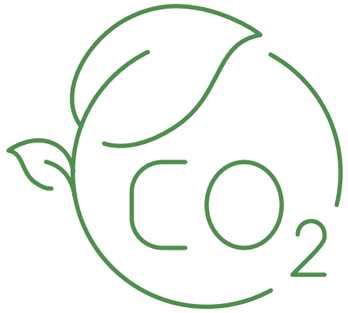
CO_2 SAVINGS THROUGH INVESTMENTS IN OWN PROJECTS

In addition, the LHI Group has invested in its own renewable energy projects. By investing in these projects, more than 15,800 tonnes of CO_2 were avoided in 2025 alone. However, according to the GHG Protocol, these savings cannot be offset against the own CO_2 footprint.

SWITCH TO GREEN ELECTRICITY FOR REAL ESTATE UNDER MANAGEMENT

In the case of real estate that we manage as asset managers, we have switched to an energy supply based on renewable energy sources for electricity and heating. A possible energy and ecological optimisation can take place, for example, in upcoming roof renovations, through the formation of an extensive green roof.





A
30 %
REDUCTION IN OUR CARBON FOOTPRINT SINCE 2022 WITHIN THE DEFINED BUDGET

NATURAL GAS CO_2 COMPENSATION FOR REAL ESTATE UNDER MANAGEMENT

By the end of 2025, we had balanced for the CO_2 emissions resulting from a total natural gas consumption of 3,733,884 kWh. At 251 g CO_2/kWh (GEMIS factor), this corresponds to an annual compensation of around 937 t CO_2.

ELECTRICITY PRODUCTION OF THE WIND FARMS AND SOLAR PARKS AND HYDROELECTRIC POWER PLANTS MANAGED BY LHI

The wind farms, solar parks and hydropower plants managed by LHI produced electricity for over 322,000 four-person households in 2025. Based on the electricity mix (source: Federal Environment Agency) from the respective launch years of the (portfolio) funds, a total of over 644,000 tonnes of CO_2 were avoided in 2025. If the electricity mix for 2024 is used for all plants (source: Federal Environment Agency, as of February 2025), over 468,000 tonnes of CO_2 were saved.

REDUCTION IN PAPER CONSUMPTION

Paper consumption and the costs for paper and printers are actively controlled at LHI. In 2019, for example, around 1.34 million sheets were printed out. In 2025, this figure was only around 327,000. This corresponds to a reduction of over 75 %. The paper printed comes from sustainably managed forests and has the corresponding certifications and seals of approval from the FSC for sustainable forestry. The annual report is now only produced digitally. Advertising printed matter such as company brochures are only made available digitally as far as possible.

PROMOTION OF ELECTROMOBILITY

Charging facilities for electric vehicles have been available at our company headquarters in Pullach since 2009. Further wallboxes were installed in 2022. Employees and guests can currently charge their electric vehicles at 25 wallboxes during their presence at cost price. For this purpose, we use electricity from our own rooftop PV system or purchased green electricity from 100 % hydropower.

Principles and memberships

PRINCIPLES

Code of Ethics

The basis for the integration of sustainability into the corporate culture is the Code of Ethics. The Code of Ethics sets out our shared aspiration to always act honestly, respectfully, sustainably, reliably and fairly in all business activities and in our dealings with one another; we have the same expectations of our customers and business contacts. Furthermore, the principles of sustainability in the Code of Ethics formulate our understanding of our corporate, ecological and social responsibility.

ESG principles of LHI KVG

LHI KVG's activities are in line with the ten principles of the UN Global Compact in the areas of human rights, labour standards, the environment, and anti-corruption. Furthermore, they contribute to several of the United Nations' 17 Sustainable Development Goals (SDGs).

Business relationships with companies that violate the principles of the UN Global Compact are excluded. This applies in particular to violations of human and labour rights, environmental standards and cases of corruption.

LHI KVG is committed to the objectives of the Paris Agreement on climate change and takes into account the alignment of projects with climate targets ('Paris compliance') when financing and structuring them.

Furthermore, LHI KVG expects its business partners in the investment business to comply with the minimum safeguards set out in Article 18 of the EU Taxonomy Regulation. This includes, amongst other things, adherence to internationally recognised standards such as the International Charter of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

Depending on the business area, additional ESG criteria and requirements apply. Compliance with these is verified during due diligence using structured ESG checklists.



PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

1
- INCLUSION OF ESG TOPICS IN ANALYSIS PROCESSES
- INTEGRATION OF ESG ISSUES INTO DECISION-MAKING PROCESSES

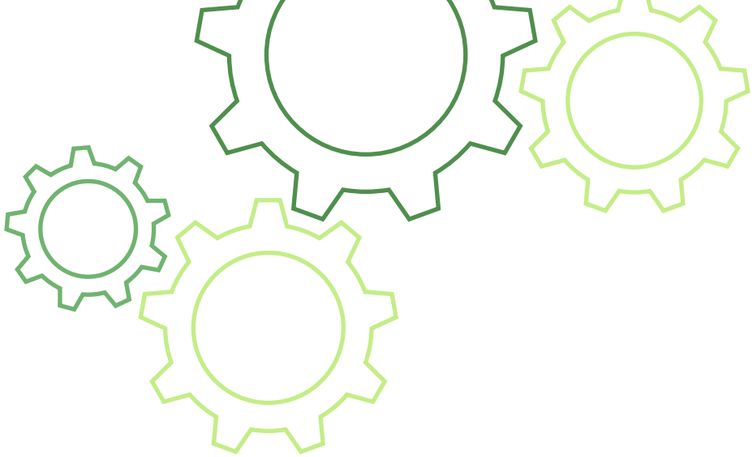
2
- ACTIVE SHAREHOLDERS
- CONSIDERATION OF ESG ISSUES IN INVESTMENT POLICY/PRACTICE

3
- DEMAND FOR DISCLOSURE OF ESG ISSUES BY INVESTEE COMPANIES
- PROMOTING TRANSPARENCY IN INVESTEE COMPANIES

4
- PROMOTING THE PRINCIPLES IN THE INVESTMENT INDUSTRY
- SUPPORT FOR IMPLEMENTATION

5
- WORKING TOGETHER TO INCREASE THE EFFECTIVENESS OF IMPLEMENTATION
- JOINT EFFORTS FOR IMPROVEMENT

6
- REPORTING ON ACTIVITIES AND PROGRESS IN IMPLEMENTING THE PRINCIPLES



ESG organisation of the LHI Group

An essential prerequisite for successful and appropriate sustainability management and the achievement of sustainability goals is the organisational anchoring of sustainability in the company. In addition to the active involvement of management, this includes in particular the creation of suitable organisational structures to ensure central, transparent and company-wide management of the implementation and control of all activities from a sustainability perspective. Regulatory requirements are taken into account and sustainability targets are achieved with clearly defined competences and tasks.

Sustainable thinking and actions can be found on all company levels. In the person of the Chief Sustainable Officer (CSO), the topic of ESG is anchored at the highest management level of the Group with clear responsibility. Together with the Group Sustainability Officer (GSO) and two ESG officers at LHI KVG, who have overall responsibility for ESG matters, sustainability is a key priority within the LHI Group. GSO and ESG representatives take part in all sustainability-related committees, have a coordination and multiplier function within their departments and report to the CSO. All operating units affected by ESG topics also have a responsible employee who also takes part in the committees relating to the specialist department and is responsible for knowledge transfer in their specialist area.

Committees related to sustainability include the Sustainability Advisory Board, which acts in an advisory capacity to the Executive Board, the Sustainability Jour-fixe, which serves to promote dialogue at an operational level, and working groups, which - as required and for a limited period of time - work on solutions to specific problems such as new regulatory requirements.

ESG manual

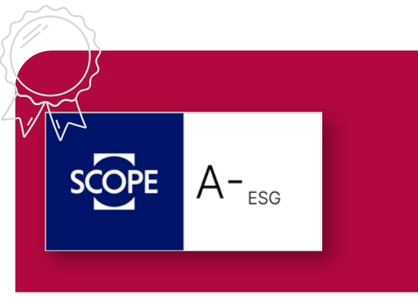
The ESG manual contains a summary of the regulatory requirements for sustainability reporting by LHI Group as well as our interpretation of the resulting alternative courses of action. This is followed by a description of the sustainability assessment and sustainability reporting processes for the individual asset classes. Some of the processes are still being developed due to changes in the legal situation. The ESG manual is therefore subject to ongoing updates.

ESG review of business partners

The most important contractual partners are also reviewed as part of the ESG assessment of a transaction. This mainly involves publicly accessible sources. In particular, this also involves compliance with the minimum social safeguards. It is checked whether the respective company has its registered office or production site within the EU and thus whether the laws and standards that apply within the European Union apply or whether the project partner has signed up to an internationally recognised standard. Furthermore, it is checked whether an ESG rating or a voluntary commitment that goes beyond the legal requirements has been published for the respective company. In addition, an ESG score is obtained from Creditreform (Crefo). The threshold for cooperation with all business partners is the Crefo ESG score defined for LHI KVG's new business.

Sustainability rating of LHI KVG

LHI KVG is subject to regular external and independent sustainability ratings. The company's sustainability performance was categorised as "good" overall by the Scope Fund Analysis GmbH rated (A-) (2024).
An update to Scope’s ESG Capability Rating is planned for 2026.



MEMBERSHIPS AND STANDARDS

UN PRI membership of LHI KVG

LHI KVG has been a member of the United Nations Principles for Responsible Investment (PRI) since 10 May 2023.

The basis of the Principles for Responsible Investment:

"Together with its international network of subscribers the PRI-Initiative dedicates itself to the practical implementation of the six principles for responsible investing. The aim is a better understanding of the implications of investment activities on environmental, social and company management topics as well as the support of the subscribers with the integration of these questions into their investment decisions."

The six principles were developed by investors and are promoted by the UN. In the meantime, more than 5,300 members from almost 100 countries have joined the initiative that together have an investment capital of more than USD 128 trillion.

Mission of the Principles for Responsible Investment:

"We believe that long-term value added is only possible in a financially efficient, sustainably designed global finance system. Such a system will reward long-term, responsible investments and both the environment as well as society on the whole will benefit from this.” By support with the introduction and implementation of these principles the PRI-Initiative shows commitment to achieving such a sustainable, international finance system. Good company management, integrity and accountability obligations should be promoted and impediments, which stand in the way due to the methods, structures and regulations prevailing on the market and the development of a sustainable financial industry, are eliminated.

The six principles of the Principles for Responsible Investment:

- We will include ESG topics in the analysis- and decision-making processes in the investment area.
- We will be active shareholders and take ESG topics into account in our investment policies and practice.
- We will require companies and entities in which we invest to provide a reasonable disclosure with regard to ESG topics.
- We will press ahead with the acceptance and the implementation of the principles in the investment industry.
- We will cooperate in order to improve our effectiveness with the implementation of the principles.
- We will report on our activities and progress with the implementation of the principles.

GRESB

The GRESB rating is an internationally recognised assessment and benchmarking system for sustainability, especially in the real estate industry. It was initiated in 2009 by investors and real estate fund managers and evaluates thousands of companies and real estate portfolios every year in the areas of management, performance and development. Through the collection, validation and assessment of ESG (Environment, Social, Governance) data, the rating aims to provide independent benchmark results that enable investors and managers to assess the ESG performance of a particular fund.

Compared to other ESG ratings, GRESB is more specifically tailored to the industry.

The assessment includes numerous ESG criteria, e.g. energy and water consumption, greenhouse gas emissions, social impact on the community, employee management and corporate governance. A higher score in the GRESB rating generally indicates a more sustainable company or fund.

Since 2021, LHI has participated in the GRESB assessment every year with two investor designs. The aim is to continuously improve the rating by implementing a holistic sustainability strategy.

IES and ICG

LHI is also a supporter of the International Ethic Standards (IES) and has joined the Institut for Corporate Governance (ICG) in the real estate industry.

Impact on sustainable aviation

LHI KVG is a founding member of the sustainability initiative "Impact on sustainable aviation e.V.". Since its establishment in 2022, the initiative has seen a steadily growing number of members, including renowned banks, investors, lessors, law firms, consultancy firms and academic institutions from various parts of the world.

The Climate Alliance Ebersberg-Munich

LHI is a member of the "Klimabündnis Ebersberg-München" (The Climate Alliance Ebersberg-Munich) initiative of the Ebersberg-Munich Energy Agency. The companies in this network opt for active climate protection by committing to gradually becoming greenhouse gas-neutral within the defined balance sheet framework by 2030 at the latest. The focus here is on avoiding and reducing emissions through greater energy efficiency. Currently unavoidable residual emissions will be offset using high-quality CO_2 certificates. Climate protection projects in the greater Munich / Ebersberg area are financially supported in the same way.

SUPPORT FOR REGIONAL CLIMATE AND ENVIRONMENTAL PROTECTION INITIATIVES

OUR CONTRIBUTION TO A FUTURE WORTH LIVING

Sustainability is most strongly oriented towards
the original idea of not overexploiting nature.
This means only using the natural resources
of life to the extent that it can regenerate.

Environment

Social

Governance

Our commitment in detail
Environment

REAL ESTATE

The building sector is responsible for around 40 % of energy consumption and 36 % of CO_2 emissions in the EU. The real estate industry is thus a key industry for achieving the EU objectives under the EU Action Plan.

By addressing ESG standards at an early stage, we:
- Identified essential drivers and factors of influence for our real estate ESG strategy
- Evaluated catalogues of requirements for sustainable investments,
- A network of qualified service partners has been created for operational support and implementation
- Already incepted one impact (Article 9) fund and three ESG strategy (Article 8) funds as special AIFs in the real estate sector and more are being planned
- 44 objects have been converted to green electricity supply or the conversion has been contractually agreed
- For 12 properties, we offset the CO_2 emissions from the consumption of natural gas by means of Gold Standard climate protection projects
- In cooperation with a specialized law firm, the standard commercial lease agreement, which was designed as a green lease agreement based on the recommendations of the ZIA, was adapted to the enhanced standard Green_Lease 2.0 agreement and put into use. Lease extensions and addenda are also converted to Green Lease wherever possible
- Energy optimisation measures implemented following consultation with the investors
- Intensified the smart meter roll-out to digitalise our portfolio holdings
- Subjected a large part of the portfolio to a climate risk analysis
- Rolled out waste management for a large part of the portfolio in collaboration with an external service provider. Our water management program launched at the end of 2025
- A market-leading ESG management software and worked on creating data transparency for our existing portfolio in order to derive (ESG-related) property strategies as part of budget planning.

New objects that we acquire for our investment funds undergo an examination process. In addition to the usual technical due diligence, an extended purchase review is being carried out using ESG criteria. This examination includes energy efficiency, water consumption, CO_2 emissions, building materials, building equipment, operating costs, tenant comfort and connectivity. In addition, all objects purchased are valuated using LHI's proprietary scoring model. This model encompasses environmental, economic and social dimensions, as well as a location/market analysis that includes an assessment of the tenants and their governance.

In the management of the objects, we are constantly working with the Property and Facility Managers commissioned by us to optimise the real estate.

In doing so, we principally implement green lease elements in new commercial leases and renewals as well as sustainability aspects in service provider contracts (especially Property Management).

Moreover, we enter into dialogue with our tenants according to the green lease agreements in order to sensitise these for sustainability issues.

The ESG criteria catalogue for LHI real estate

Regulatory requirements are also met through ongoing ESG reporting.

On the basis of
- the certification systems available on the market (DGNB, LEED, BREEAM et al.)
- the sustainability guidelines published by the German Property Federation (ZIA), and
- by integrating specific exclusion criteria for non-ESG-appropriate uses or users,

an LHI-specific ESG criteria catalogue was developed for the three main asset classes (office real estate, social/socially used real estate and retail real estate).

Our catalogue of criteria was reviewed and adjusted in cooperation with experts from the Advanced Building Technologies division of the European consulting, planning and project management company Drees & Sommer and by ISS ESG. As a partner of institutional investors and financial service providers, ISS ESG is one of the world's leading ESG research and rating agencies with an established rating methodology with regard to sustainability criteria.

A total of up to 100 sustainability criteria are examined in five dimensions for each asset class and differentiated according to new and existing buildings. The resulting degree of fulfilment is weighted for each dimension and results in the sum of the LHI ESG score of the object.

As part of the annual budget planning at object level, the LHI ESG score is always validated and reviewed with regard to potential measures to improve the scoring value.

RENEWABLE ENERGIES

The long-term and, above all, sustainable securing of our energy supply is a central issue. Investments in renewable energies can contribute to making them an essential part of the energy supply. They create the conditions for conserving fossil resources and make a valuable contribution to the national economy in coping with the energy turnaround.

LHI has so far concentrated on solar and wind energy in the renewable energy asset class. Since 2020, hydropower plants have also been part of the portfolio. These are characterised by long life cycles. In this context, it is important to us that interventions in nature, for example by damming up water or changing a riverbed, are carried out gently. For renewable energies, sustainability also means not only making use of resources, but also ensuring that a responsible approach is taken to the use of the land. The dismantling of the parks, the restoration of the leased areas and the proper disposal of the components at the end of their service life are a matter of course for us.

The transport sector also plays an important role in sustainable management. LHI focuses here on providing the necessary infrastructure and acquired six fast charging parks with ten charging points each for an individual mandate in 2022. New objects that we acquire for our investors go through a separate review process.

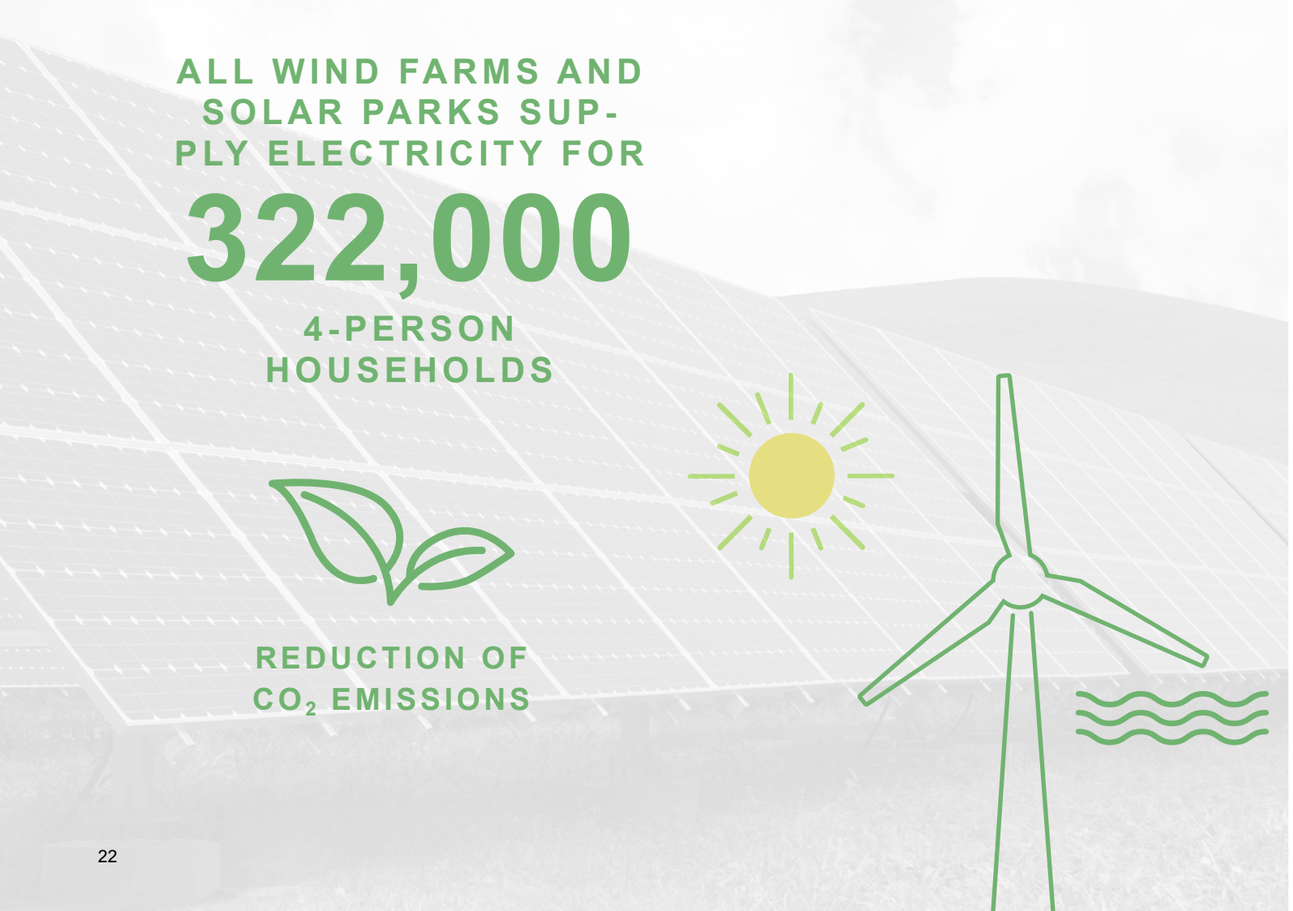
In addition to the usual due diligence, an extended purchase review is carried out under ESG criteria. The assessment covers, among other things, the contribution of the project to one of the EU environmental objectives and the avoidance of a significant impact on the other environmental objectives. In addition, permits and project partners are checked for ESG aspects and an assessment of the main adverse impacts on sustainability factors (Principal Adverse Impacts, PAIs) is carried out, including any adaptation solutions that may have been implemented.

For our existing projects, which we manage as asset managers, we measure compliance with environmental targets during the operating phase, for example, by calculating the CO_2 emission savings from the generation of energy from wind/solar power and hydropower on a quarterly basis. Sustainability factors and aspects of our existing projects are regularly monitored and published.

A next step will be the storage of energy. We are closely monitoring developments and looking at investing in storage systems either as part of a solar or wind farm or as a separate unit to stabilise the energy supply.

Three impact (Article 9) funds and an ESG strategy (Article 8) fund have already been launched as special AIFs in the renewables sector, and more are planned.





STRUCTURED FINANCE

One of the things we can do with our structured financing, is help companies transform into a low-carbon economy. We focus on the following asset classes:

Real estate

The ability to finance property is increasingly dependent on energy and environmental criteria. Together with selected partners, we support our clients in the long-term financing of their properties. We are happy to support the integration of subsidies to achieve energy standards.

Rolling stock

Over the past 7 years, the LHI Group has acquired around 200 electric vehicles from various manufacturers in the Rolling Stock segment. The trains are currently or will be used on various route networks in Germany by well-known operators. The investment volume for the electric vehicles amounts to approximately EUR 3.6 billion. The LHI Group is thus making an active contribution to resource and environmentally friendly local public transport.

Aviation

Air transport is an indispensable part of both global freight transport and the provision of medical care. Passenger air transport has also become firmly established, connecting people across continents. The responsible use of resources and the consistent application of modern, innovative technologies are crucial to ensuring the sustainability of aviation.

LHI's financing solutions mean that modern aircraft, engines and helicopters are put into service, which generally consume less kerosene and therefore emit less CO_2. It is important to us that our assets are technologically capable of burning synthetic fuel with a potentially lower greenhouse gas footprint.

LHI CAMPUS PULLACH

The LHI headquarters in Pullach has been awarded the German Sustainable Building Council (DGNB) platinum certificate. In terms of ecological quality, the building achieves a score of 96.5 %. The following measures have been implemented:

- We only use certified green electricity.
- The LHI Campus is connected to the public geothermal district heating network of the Pullach municipality. A building core activation system is used for basic temperature control.
- For the offices, the air is pre-treated via geothermal heat exchangers (EWT). The supply air systems are decentralised to the building components, the exhaust air systems are located centrally in the roof space together with the heat recovery system.
- The ventilation via EWT can be used energy-efficiently for heating in winter and cooling in summer. In this process, the outside air is brought to a temperature of 10° C difference to the outside air in each of the EWT tubes running under the building – depending on the season, this pre-tempered air is thus warmer or cooler than outside. In summer, the pre-tempered air is either used directly for cooling or mixed with the warm outdoor air. In winter, on the other hand, it can be heated in an energy-saving way instead of cold outside air. In this way, a temperature of approx. 21° to 26° C is achieved in the building at all times of the year.
- We pay attention to high indoor climate quality. In addition to the temperature control measures mentioned above, we carry out indoor air measurements in order to recognise and avoid pollutant emissions.
- Energy-saving LEDs are predominantly used as light sources.
- All flat roofs are designed as green roofs.
- In 2023, a PV system was put into operation on the roofs of the LHI Pullach campus. Over 95% of the annual electricity generated – 85,000 kWh (in 2024) and just under 90,000 kWh (in 2025) – was used immediately within the building.

Actively conserve resources

- Energy consumption in the building is checked weekly and evaluated monthly. Our technical building equipment (TGA systems) is set to optimal operating intervals via the building management system. Potential for optimisation is implemented in consultation with a building services expert. Our data centre is cooled with the help of a decentralised air-conditioning unit and partly only with outside air. The central, electricity-intensive cooling machines can thus be switched off during the winter months. The number of servers was reduced from 14 to 10 and replaced with energy-saving hardware. We consistently switch off systems that are no longer used.
- Biodiversity and habitat: No environmentally harmful pesticides or similar are used in the maintenance of our outdoor facilities. As part of a cooperation with beefuture, the LHI Pullach campus has been home to several bee colonies since 2021.
- In our staff restaurant, we attach great importance to quality. When purchasing, attention is paid to regionality and organic quality. Our food suppliers are always certified according to IFS, by TÜV SÜD, via SGS Organic Austria or via the German Accreditation Body (DAkkS) and are members of Biokreis e. V. – Association for Organic Farming and Healthy Nutrition.
- Waste management: Waste is consistently separated - into organic waste, packaging and paper as well as residual waste. Recyclable materials are sent for recycling. Our waste generation is regularly recorded and - where possible - measures are taken to avoid waste.
- Water consumption: Water consumption is measured by our external Facility Management service provider on a monthly basis. If consumption increases, countermeasures can be taken immediately. A cistern for collecting rainwater is used to irrigate our exterior facilities.
- According to its purchasing guidelines, the LHI Group also pays attention to a socially, ecologically and entrepreneurially responsible approach when procuring materials, goods and services. We also expect our contractors to be committed to these aspects and to take these objectives into account when manufacturing and producing their products and providing services.
- As a specialist in the three asset classes of real estate, renewable energies and Structured Finance, we know that optimal performance requires specialised know-how. If third parties have greater expertise than we do, we are happy to incorporate this knowledge into our value creation. The same applies when service providers can provide their services on site while we would have to travel to the location. In these cases, we deliberately limit ourselves to overlay controlling.



RESPECTFUL AND APPRECIATIVE -
NOW AND IN THE FUTURE

A state or a society should be organised in such a way that social tensions are kept within limits and conflicts do not escalate, but can be resolved peacefully and civilly.

Environment
Social
Governance

Our commitment in detail
Social

LHI AS EMPLOYER

The professions in LHI are as diverse as the people who work here. Architects, business economists, accountants, engineers, lawyers, mathematicians, tax consultants – all contribute equally to the company's success.

We want the people who characterise LHI to work for us in the long-term.

The basis for this are permanent employment contracts. As a rule, we refrain from fixed-term contracts. The average length of service for the company is 14 years. The members of the management have also been with the company for more than 14 years on average.

Many generations with different social and cultural backgrounds work together at LHI. People who have just come from university as well as people who have been able to gain experience in the working world for a longer period of time. The age structure ranges from 21 to 64 years.

Our corporate culture is characterised by flat hierarchies. We want employees who work independently and on their own responsibility. Within the framework of various further training programmes, we therefore promote both professional qualifications and personal development. Among other things, LHI offers in-house training on the topic of ESG.

Equal opportunities

55 % of LHI's employees are women, and 28 % of our managers are women. Parental leave is in demand regardless of gender. We support our employees so that they can combine family and career, regardless of their position in the company.

The compatibility of family and career is also promoted through part-time employment. About 26 % of the employees work part-time.

We respect the prohibition of discrimination in the European Convention on Human Rights, i.e. we do not tolerate discrimination against people on the grounds of sex, skin colour, language, religion, political or other opinion, national or social origin, membership of a national minority, property, birth or other status.

Working environment

LHI's headquarters are embedded in nature in Pullach i. Isartal near Munich. We have deliberately chosen an environment with little noise and pollution. Our employees can work in peace and enjoy the opportunities offered by nature in the near vicinity during their breaks. Thanks to the S-Bahn connection, the city centre can be reached in 20 minutes. Many employees also use the good network of cycle paths and the showers and changing rooms in the building.

Within a suitable framework, employees can work decentrally and freely according to their own schedules. Full-time employees have the opportunity to work flexibly up to two days a week. This makes it easier to balance work and private life.

Health promotion

We support our employees with offers to maintain their health. As part of the LHI Health Week, lectures, health checks and joint sports are offered. Salads, soups, vegetarian and light meals are prepared in our in-house restaurant. We offer a fruit counter with a seasonal selection free of charge, as well as coffee, tea and water at the coffee points.

Fair cooperation

We are committed to market- and performance-oriented remuneration that takes into account the interests of the company, its shareholders, our customers and all employees.

Our remuneration system complies with the applicable regulatory requirements and promotes responsible and risk-conscious behaviour among all employees. The statutory employee rights are respected at all LHI locations.



LHI AS BUSINESS PARTNER

Our cooperation with all business partners is based on trust, respect and cooperation at eye level. In the long-term, successful cooperation is only possible if the interests of all parties involved are safeguarded.

We advise and support our business partners/customers or potential business partners/customers respectfully and personally. Confidential handling of information is a matter of course for us. Within the scope of applicable laws and regulations, we commit to safeguard trade secrets or other confidential information and documents from business partners and customers disclosed to us.

Information we communicate and disseminate is complete and understandable in itself in order to provide business partners and customers as well as potential business partners/customers with a basis for a long-term business relationship.

We strive for a long-term business relationship with our partners in all business areas. We are available to business partners, customers, investors, service providers, authorities and associations through all necessary communication channels. In the case of service providers, we make sure that we are assured of payment of the minimum wage. We have implemented the General Data Protection Regulation and strictly comply with the requirements.





LHI AS PART OF SOCIETY

We do not support investments in economically or ethically questionable or controversial assets. For example, we refuse to provide financing and design expertise to companies that produce landmines or chemical weapons. We comply with applicable laws and other regulations governing competition. We seek to protect and promote fair competition.

We are actively involved in the industry associations Zentraler Immobilien Ausschuss (Central Property Committee) (ZIA), Bundesverband Alternative Investments (Federal Association of Alternative Investments) (BAI) and Bundesverband Deutscher Leasing-Unternehmen (Federal Association of German Leasing Companies) (BDL). This enables us to actively shape the further development of industry standards and to get involved in socio-politically important issues.

We understand social commitment to mean, above all, providing active and direct help. This includes, above all, the promotion of art and culture. This means direct active support through donations and membership fees, but also the organisation of art tours or direct cooperation with artists. For many years, LHI has offered its employees guided tours of current exhibitions in Munich.

We are convinced that a creative environment contributes significantly to a better working atmosphere. That is why a total of five works of art of various kinds were created especially for LHI by artists.

INVESTMENT IN THE FUTURE

A society should not live beyond its means economically, as this would inevitably lead to losses for future generations. Generally speaking, an economy is considered sustainable if it can be operated in the long-term.

Environment

Social

Governance

Our commitment in detail
Governance

GOVERNANCE

We see the economic dimension of sustainability in terms of capital preservation with long-term returns that arise from the use of existing resources. In general, a commitment is considered sustainable if it can be operated successfully in the long-term. This distinguishes it from a logic based on short-term profits. We are firmly convinced that companies must be managed with a view to the long-term. Only those who take into account today what their decisions will trigger in the long-term, can combine success and responsibility.

RESEARCH

We look at the short-term, current market environment, medium-term developments and long-term trends. The Sustainability Advisory Board provides further input to the research team. The environment in which our products have to prove themselves is subject to constant change. On the one hand, the legal framework conditions are changing (e.g. EEG, Energy Saving Ordinance, etc.) and, on the other hand, the preferences of investors and users. In investment management and in the structuring of financing, we react to this with an evolutionary further development of our product range and in asset management as well as portfolio management through a forward-looking adaptation of technical innovations or changing legal requirements.



WE ARE FIRMLY CONVINCED THAT COMPANIES MUST BE MANAGED WITH A VIEW TO THE LONG-TERM.

ORGANISATION

The principles of LHI's corporate governance are shaped, among other things, by the relevant legal framework. LHI Leasing GmbH is a financial services institution regulated under the German Banking Act [Gesetz über das Kreditwesen - KWG]. LHI Kapitalverwaltungsgesellschaft mbH is an external capital management company regulated under the German Investment Code [Kapitalanlagegesetzbuch - KAGB].

These companies therefore fulfil the minimum requirements for risk management (MaRisk) and risk management for capital management companies (KAMaRisk) as well as the minimum requirements for the compliance function and other duties of conduct, organisation and transparency (MaComp), which is reflected accordingly in the business organisation. Central elements of the legal requirements are a consistent separation of functions between deciding and controlling corporate units, right up to the management.

The LHI risk management system extends across the company, the subsidiaries and all managed companies. The organisational structure includes the areas required by law, such as auditing, risk controlling and compliance.

A consistent business and risk strategy defines the framework of the company's activities. In addition to the business and risk strategy, our understanding of sustainability, its organisational anchoring, the standards and exclusion criteria observed, and the sustainability targets and measures are set out in the sustainability policy paper for the subsidiary LHI KVG.

RISK MANAGEMENT

The concept of caution is an important guiding principle of our business policies. However, every entrepreneurial activity involves taking risks. Risks can arise at any point in a company. It is impossible to identify and quantify all potential risks in advance already. However, in order to minimise risks, LHI has formulated guidelines for a risk culture and implemented mechanisms that start at various points in the process chains.

For example, active risk management begins with preventive measures, such as training and further training as well as risk sensitisation of all employees, the publication of instructions for action (emergency plans, work instructions), the conclusion of insurance policies (risk mitigation) and the duplication of resources (deputy system, technical backup procedures).

There is an internal control system the functionality of which is reviewed annually. This standardised control system is supplemented by case-by-case audits by the internal audit department.

In case of special issues, we use the services of external expertise as required. For example, we have attacks on our technical infrastructure carried out by external partners at regular intervals.

Risk management (the active handling of risks) is organised decentrally. Risk controlling (monitoring, limiting, etc.) is carried out in a central organisational unit. Risk control groups, which are organised along the risk categories relevant to LHI's business model, form the interface between the divisions. In these committees the current situation in the respective risk category is analysed and discussed. If necessary, countermeasures are developed and submitted to the Management Board for implementation. A risk report is prepared by Risk Controlling on a quarterly basis, in which LHI's current risk situation is presented in a base scenario and a stress scenario.

The risk report largely follows the nomenclature of MaRisk without, however, losing sight of LHI's business model. The core of this is a risk-bearing capacity calculation that follows a going-concern approach. The procedures and methods for calculating risk potential and risk cover funds are described in a method manual and are reviewed annually. Within the scope of this review, back testing is carried out, among other things, the results of which confirm the deliberately conservative nature of our risk models.

Pursuant to Art. 2 No. 22 of the EU Disclosure Regulation, a sustainability risk is "an environmental, social or governance (ESG) event or condition, the occurrence of which could have a material adverse effect, actual or potential, on the value of the investment". In this context, sustainability risks have the potential to exert a negative influence on all business areas and risk types. Sustainability risks are therefore taken into account and evaluated in all risk categories considered at LHI and its subsidiaries. We hereby ensure that sustainability aspects are incorporated into our decision-making processes and that possible negative effects on our customers and the company are minimised.

PREVENTION OF MONEY LAUNDERING

Another important aspect of our business activities is the prevention of money laundering. We are committed to ensuring that our services are not misused for illegal activities. LHI has precautions in place in accordance with legal regulations to prevent money laundering and the financing of terrorism as well as other criminal activities. We effectively exclude suspicious potential business partners and transactions by implementing identification and monitoring procedures.

The LHI Group's money laundering officer can make direct contact with the entire management in all facts relevant to money laundering and reports directly to LHI's top management. The money laundering officer prepares an annually updated risk analysis on possible dangers for the group of companies. No incidents of money laundering or terrorist financing occurred in the last reporting period. No suspicious activity reports pursuant to the German Money Laundering Act [Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten – GwG] were submitted. There were also no other conspicuous events.



AN IMPORTANT ASPECT OF OUR BUSINESS ACTIVITIES IS THE PREVENTION OF MONEY LAUNDERING.

COMPLIANCE

For LHI, compliance basically means good conduct in the sense of adhering to national and international laws and other legal rules and regulations considered to be essential, as well as observing the internal rules and regulations of LHI and its subsidiaries. The latter include, for example, LHI's code of ethics, the guidelines for dealing with conflicts of interest and insider information or the regulations on employee transactions.

LHI has established a compliance function that complies with the legal requirements. Different regulatory frameworks apply to LHI Leasing GmbH and LHI Kapitalverwaltungsgesellschaft mbH in the form of the KWG or the KAGB. As soon as it becomes apparent that a legal regulation is changing, the specialist departments check whether and how LHI is affected by this and what needs to be done. The compliance officer accompanies this process. This brings together the decentralised expertise on a wide range of compliance-relevant topics. Compliance-relevant matters are discussed once a quarter in the Compliance Committee. The organisation and functioning of the compliance function are described in a manual.

In addition, LHI has defined its conduct in compliance-relevant issues in various guidelines. These include, for example, regulations on insider information and employee transactions or on dealing with conflicts of interest. In LHI's business model, investor funds are simultaneously raised, invested and managed on the one hand and assets are acquired or financed on the other. It is possible, for example, that one or more assets are suitable for several investment vehicles or investor structures that are ready to accept them and that conflicts of interest arise within the LHI Group. LHI has therefore drawn up binding rules in a guideline that go beyond the legal requirements on how an asset is used within the LHI Group. We disclose these rules to our investors. This creates a high degree of transparency and at the same time ensures fair treatment of our investors.

Compliance-relevant results and observations are summarised in an annual report by LHI's compliance officer. In the past reporting period, there were no significant or serious fraud attempts (e.g. CEO fraud, falsified payment requests or similar), no incidents related to money laundering and no reports of data breaches were submitted. There were also no other significant compliance-relevant incidents.

REMUNERATION STRUCTURE

Remuneration policy is an important component of corporate policy. LHI's aim is to take equal account of the interests of the company, the shareholders, the investors in LHI products and the employees with remuneration that is in line with the market and performance and to support the sustainable and positive development of LHI. LHI has a remuneration system that both fulfils regulatory requirements and promotes the responsible and risk-conscious behaviour of employees.

LHI's remuneration system is therefore essentially based on the following fundamental principles:
- Basic remuneration in line with the market and function
- Variable remuneration dependent on overriding goals at LHI Group level
- Consistency with the business and risk strategy
- Transparency and traceability
- Measures to avoid conflicts of interest
- Sustainable safeguarding of the future economic performance and earning power of the LHI Group
- Employee motivation and retention
- Appropriate employee involvement in the company’s success

The LHI Group's remuneration system complies with all relevant regulatory requirements.

The remuneration system of LHI does not differentiate between the companies belonging to the group in its essential components. The remuneration of all employees consists of a fixed (non-performance-related) and a variable (performance-related) component. Both components are well-balanced and do not create incentives to take inappropriate risks. The remuneration policy is flexible with regard to the variable component. The fixed component is calculated in such a way that a complete waiver of the variable component is also possible.

Non-performance-related remuneration

The fixed remuneration represents an appropriate, market-standard level of pay and consists of twelve months’ salary. The amount is generally determined by the role held, the employee’s skills, education and professional experience, as well as their position within the company (hierarchical level, assumption of managerial responsibility) and the qualification requirements.

Performance-related remuneration

The variable remuneration is decoupled from the achievement of targets at the individual level (target agreement). Depending on the achievement of targets at the overall company level, all employees receive variable remuneration calculated on an annual basis.

COOPERATION

Our cooperation with all business partners is based on trust, respect and cooperation at eye level. In the long-term, successful cooperation is only possible if the interests of all parties involved are safeguarded.

Our Code of Ethics serves as a code of conduct for all LHI employees. It contains values, basic behaviour, attitudes and rules of conduct which are binding for all of us when dealing with our business partners, customers and competitors as well as with authorities. The Code of Ethics and the principles of sustainability contained therein are part of the target agreement. The employees thus undertake to comply with the Code of Ethics as far as they are affected as persons concerned and to support it as best as possible as far as the LHI Group is affected as an organisation.

The statutory employee rights are respected at all locations. A company suggestion scheme has been established. This also concerns issues of sustainability. Our employees are employed in full compliance with all human rights. In the case of service providers, we make sure that we are assured of payment of the minimum wage.



IN THE LONG-TERM, SUCCESSFUL COOPERATION IS ONLY POSSIBLE IF THE INTERESTS OF ALL PARTIES INVOLVED ARE SAFEGUARDED.

Pullach . Stuttgart . Luxembourg



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