

Immofinanz AG

Real Estate Management Austria WBO:IIA

ESG Risk Rating

13.1

Updated Jun 28, 2022

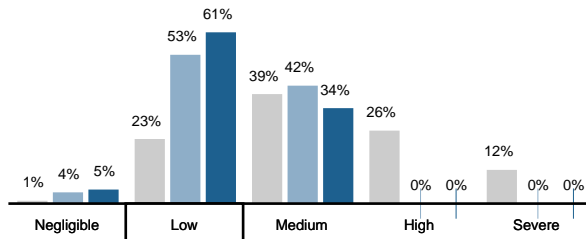
-2.4

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	809/14842	6th
Real Estate INDUSTRY	175/1049	17th
Real Estate Management SUBINDUSTRY	33/159	21st

Peers Table

Peers (Market cap \$3.0 - \$3.1bn)

	Exposure	Management	ESG Risk Rating
1. Immofinanz AG	27.3 Low	52.8 Strong	13.1 Low
2. Hysan Development Co., Ltd.	26.5 Low	42.6 Average	15.4 Low
3. TLG Immobilien AG	26.6 Low	26.1 Average	19.7 Low
4. Amot Investments Ltd	26.6 Low	19.2 Weak	21.6 Medium
5. Big Shopping Centers Ltd	30.8 Low	19.9 Weak	24.8 Medium

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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

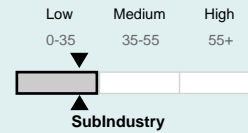
27.3

-1.1

Low

Momentum

Beta = 0.98



In FY2021, IMMOFINANZ's portfolio comprised 225 properties in eleven European countries (Austria, Germany, Poland, Czech Republic, Slovakia, Romania, Hungary, Serbia, Slovenia, Croatia and Italy). As such, the company faces increasingly stringent regulation on sustainable buildings. Non-compliance may trigger fines and public scrutiny, negatively impacting the value of the company's portfolio. Additionally, IMMOFINANZ relies on skilled employees to select properties, manage building-related risks and provide maintenance and complaints handling services for tenants. Failure to attract qualified personnel could result in a skill deficit and additional recruitment and training costs. Furthermore, building safety features represent a key consideration for tenants. Incidents could increase IMMOFINANZ's vacancy rates (5% in FY2021) and negatively impact its ability to attract new tenants.

The company's overall exposure is low and is similar to subindustry average. ESG Integration - Financials, Human Capital and Product Governance are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

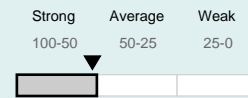
ESG Risk Management

52.8

+6.9

Strong

Momentum



The company's FY2021 Sustainability Report has been written in accordance with the Core option of the GRI Standards, in accordance with best practices. Moreover, the Supervisory Board holds ultimate responsibility for sustainability, suggesting that the latter is part of core business strategy. In addition, in its Remuneration Policy, the company states ESG performance targets are considered when establishing the company's executive compensation, however an exact percentage is not disclosed.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
ESG Integration -Financials	5.1 Medium	34.0 Average	3.4 Low	25.6%
Corporate Governance	9.0 High	63.1 Strong	3.3 Low	25.3%
Product Governance	4.2 Medium	43.8 Average	2.4 Low	18.0%
Human Capital	5.0 Medium	56.9 Strong	2.3 Low	17.5%
Business Ethics	4.0 Medium	58.1 Strong	1.8 Negligible	13.6%
Overall	27.3 Low	52.8 Strong	13.1 Low	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (13)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

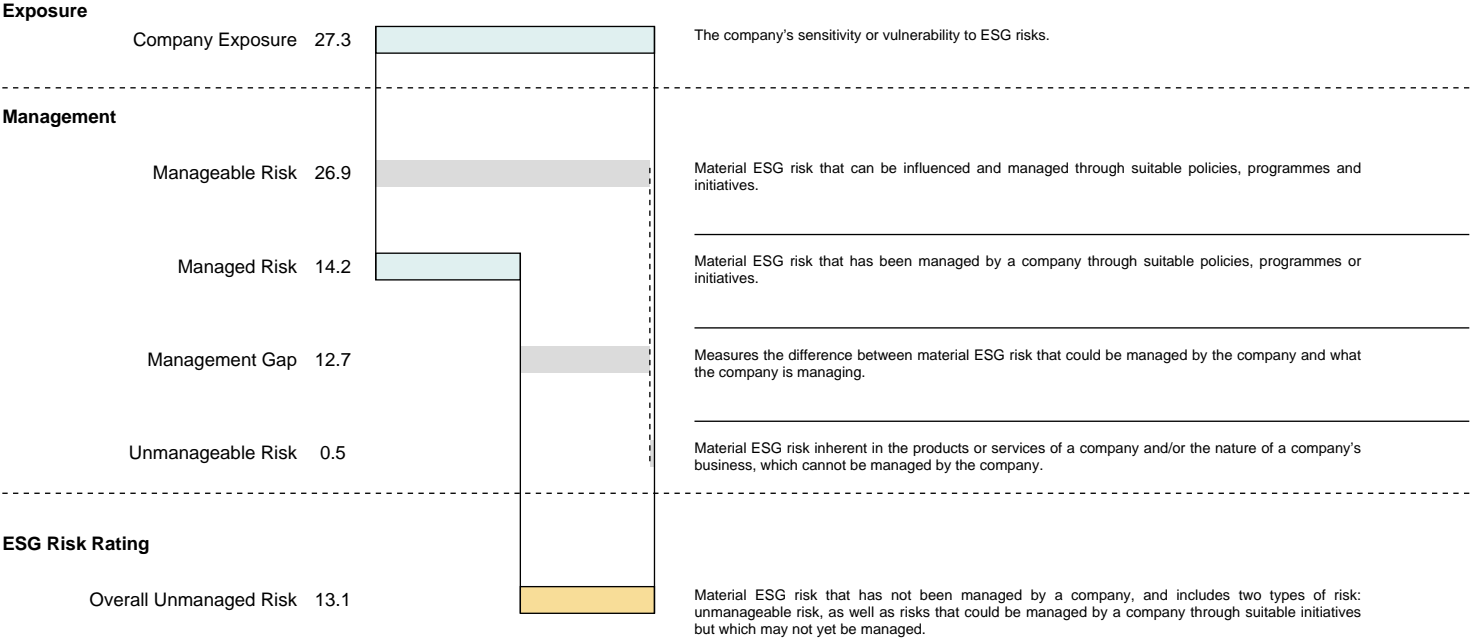
Social Impact of Products

Society - Human Rights

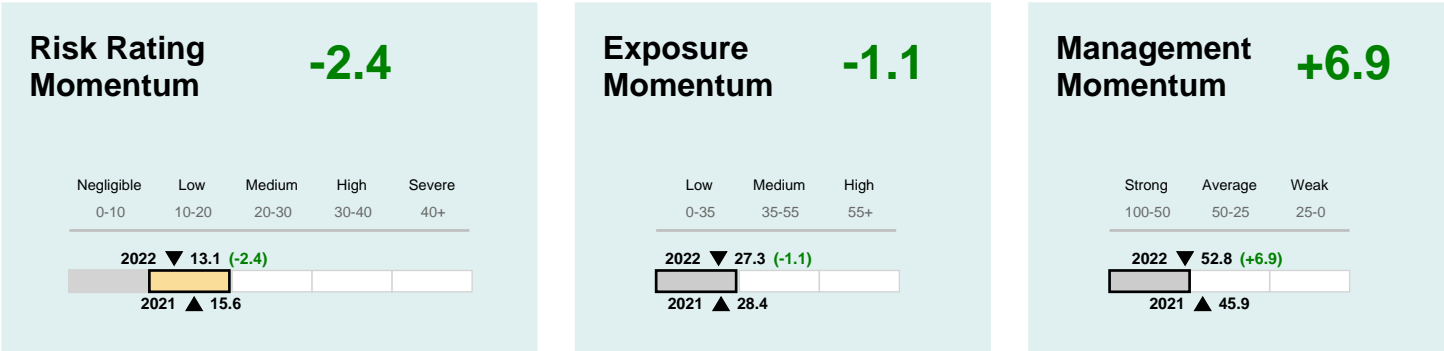
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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