

SUSTAINABILITY REPORT

2023

Foreword



Dear Readers,

In 2023, the severe impacts of global climate change were once again evident. The devastating forest fires in Europe highlighted the escalation of the climate crisis and emphasized the urgent need for concrete action. Despite geopolitical tensions, such as the Russian attack on Ukraine and the Middle East conflict, IMMAC remained steadfast in its commitment to addressing environmental issues and faced significant challenges with confidence and determination. This situation caused a temporary shift in priorities, including a focus on ESG (environmental, social, and governance) topics.

As the IMMAC group, we take responsibility for our actions, even in challenging market situations. However, we have already integrated ESG topics into our management processes and established dedicated units within the company in 2021. Environmental, social, and corporate governance aspects are crucial to us. As investors in the social and healthcare property sector, we have firmly embedded social issues in our group and made them part of our corporate culture since its inception.

Our ESG strategy is available on our company presentations and websites to inform customers and business partners about our stance on ESG and sustainability.

The sustainability report presents the achievements of the IMMAC group in 2023 and outlines the planned activities for 2024. It covers all companies and subsidiaries of the IMMAC group. Our ESG strategy, published on the website, provides a comprehensive understanding of our goals up to 2040. It is important to note that, while the focus will remain on the company's core processes in 2024, sustainability will be increasingly prioritized again in 2025 and 2026.



Mechthild Mösenfechtel
Member of the Board
(Finances)



Jens Wolfhagen
Member of the Board
(Market)

ESG as a foundation of the **corporate strategy** of the IMMAC group

IMMAC group's ESG strategy aligns with the sustainability goals of the 2030 Agenda and the 17 Sustainable Development Goals (SDGs) set out by the UN. These goals are widely recognized internationally and serve as guidelines for creating a sustainable world.

ESG and sustainability are fully integrated into our management processes, impacting the entire company and all business processes. We highlight nine of the 17 Sustainable Development Goals (SDGs), including SDG 3 Good Health

and Well-being, SDG 4 Quality Education, SDG 7 Affordable and Clean Energy, SDG 8 Decent Work and Economic Growth, SDG 9 Industry, Innovation and Infrastructure, SDG 11 Sustainable Cities and Communities, SDG 12 Responsible Consumption and Production, SDG 13 Climate Action and SDG 17 Partnerships for the Goals.



The 17 SDGs and focus of the IMMAC group



Our strategy is based on our vision, mission, and principles.

Vision

The vision represents our long-term target image and includes our paradigms and guiding values:

At IMMAC group, we are committed to maintaining and expanding our sustainability measures

We take our responsibility towards sustainability seriously and ask ourselves, 'Is this property suitable for a sustainable investment?' with every purchase project.

The company's vision is founded on sustainable and long-term investments. This approach provides security, predictability, and risk minimization for investors, banks, operators, and the IMMAC group. The IMMAC group is committed to integrating ESG criteria and environmentally and socially responsible corporate behavior into its existing sustainable structures in the future.

Mission

To achieve our vision, we have formulated a clear mission for the ESG strategy, which specifies our objective. The implementation and achievement of the vision are the focus and are made possible by the following core elements:

In implementing its ESG strategy, the IMMAC group takes into account and reviews

- relevant trends and developments,
- the services and performances it provides,
- the integration of the ESG strategy into the five units Group, Construction, Acquisition, Portfolio and Fund Product.

Relevant trends and developments

We regularly analyze current trends and developments to ensure the future viability of the organization. In doing so, we assess changes in the market landscape at all levels and departments of the Group in terms of their relevance for our organization. ESG trends are monitored, evaluated, and communicated within the Group, particularly by the ESG management team and the ESG officer.



Relevant services and services

We purchase healthcare and social properties and establish property funds to meet market demands and investor requirements. The acquisition and fund profile are decisively reviewed and adapted to necessary conditions.

Integration into the core areas of the IMMAC group

To implement ESG criteria throughout the company, the Group has divided into five core units: Group (overarching), Construction, Acquisition, Portfolio, and Fund Product. The ESG strategy’s central mission is to implement this approach within these core areas and throughout the Group.

Principles

Our actions are based on the principles that guide us. Within the IMMAC group, these are the following aspects in particular:

Partnership

At IMMAC, we are guided by our principles and value partnership-based relationships both internally and externally. We act as strategic partners for our customers and strive for proactive teamwork with our employees.

Experience

Our market-leading portfolio prioritizes providing a valuable experience. We are confidently expanding our expertise by strategically diversifying our workforce and exploring new business areas. We value the experience of our long-term employees and welcome the fresh ideas of our new colleagues.

Sustainable profitability

Our investments are made with a thorough consideration of the associated risks, which we confidently aim to minimize for sustainable profitability. We execute business activities with efficiency and effectiveness, undertaking strategic projects and partnerships. We continuously review and improve ongoing processes through internal quality assurance.

Our employees

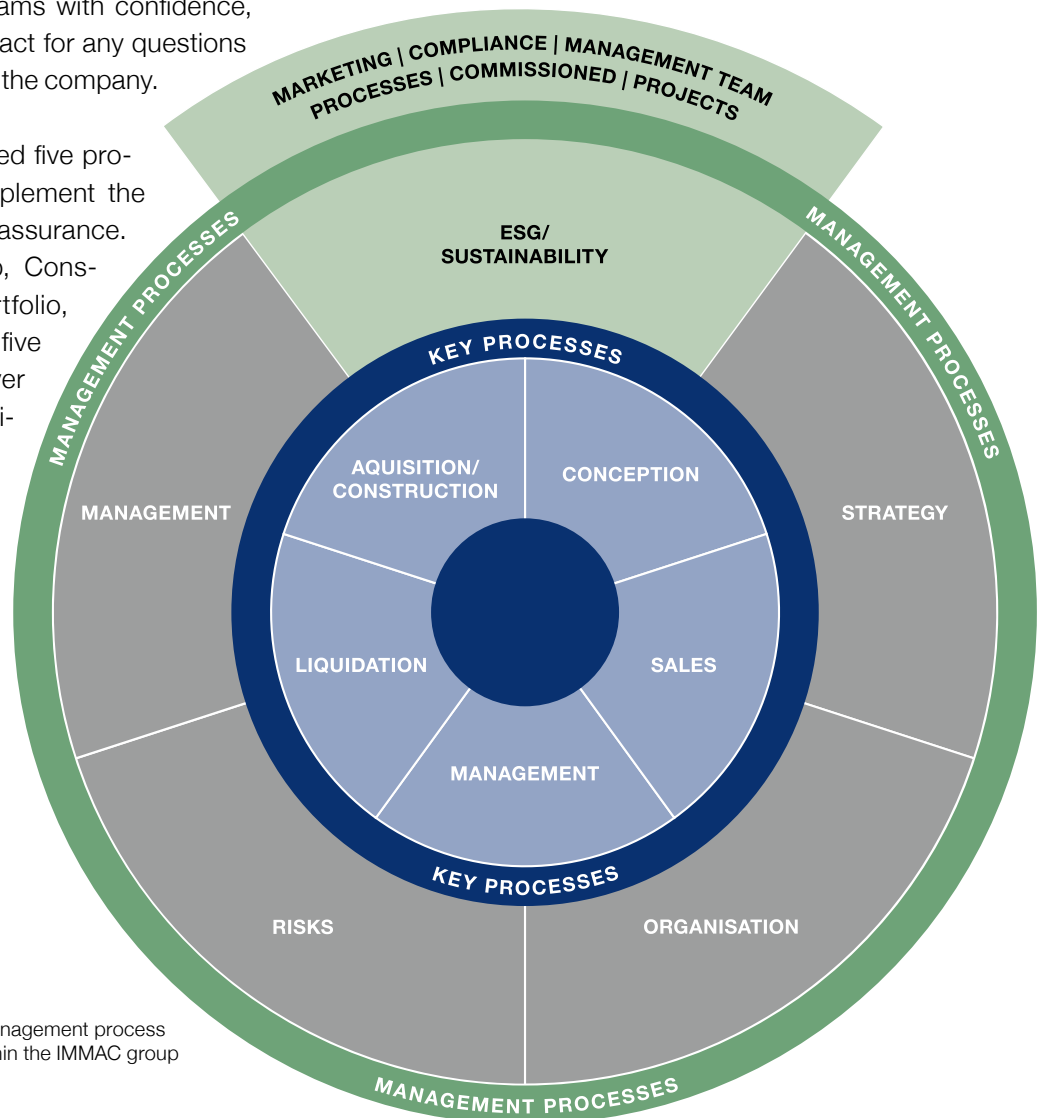
We have identified numerous areas that are essential for effective, efficient, and long-term collaboration. In particular, the aspects of further training, health, flexibility, freedom, and team spirit should be mentioned.

ESG as a leadership process

ESG is positioned at a higher level in the company's management processes within the IMMAC group. An ESG management team has been appointed, along with an ESG officer responsible for coordinating and implementing the company wide ESG strategy. The officer is also responsible for developing and maintaining the sustainability management system, as well as overseeing ESG project controlling and monitoring. The ESG Officer reports to both the ESG management team and the relevant project teams with confidence, serving as the point of contact for any questions related to ESG issues within the company.

All ESG projects are recorded in a central register that is accessible to all project managers. The register documents responsibilities, deadlines, milestones, and current implementation status, ensuring that all ESG measures are effectively implemented. Our company handbook contains defined guidelines for standardized project implementation.

The ESG strategy established five project teams, or units, to implement the necessary measures with assurance. These units include Group, Construction, Acquisition, Portfolio, and Fund Product. The five units comprehensively cover all the IMMAC Group's business areas and focal points, including all departments. This guarantees the successful implementation of the ESG strategy across all areas and departments.



ESG as a management process within the IMMAC group

Our successes – and challenges

Group Unit

Work culture

To increase awareness of ESG and sustainability among our workforce and in our office culture, we have confidently introduced a new category called ‚Did you know...?’ in our internal newsletter. The ESG team expertly shares tips and tricks related to sustainability that can be applied in the office, while working remotely, and in everyday life. These tips will undoubtedly help reduce CO₂ emissions. We prioritize regular communication of sustainability and employee motivation.

In 2022, we switched the water supply in our Hamburg offices to the regional provider Viva con Agua. We calculated the following CO₂ equivalent savings based on data from our 2022 status quo survey (see next sections): In 2022, we saved around 140 kilograms of CO₂ equivalents by consuming approximately 3,800 litres of water from the Volvic brand.

In 2023, we conducted a comprehensive employee survey to determine their interest in volunteering. The survey enquired about the scope and topics that interested them. The high level of participation in the survey and the interest in volunteering, as well as the positive responses, demonstrate the enthusiasm of our colleagues for environment, nature, and animal welfare projects. We are confident that with the support of our colleagues, we can make a significant impact in these areas. Many of our colleagues are already

involved in projects that could be expanded to include the entire workforce. The survey results will be utilized to plan and execute a social project with our employees in 2024.

Donation and foundation culture IMMAC group

Our company maintains an open culture of donation and foundation, investing part of our success in social causes. We are proud to promote young sailing talent and demonstrate our commitment through the founding of the IMMAC sponsorship organization in 2010. This organization supports projects for children and young people who previously had no connection to sailing. Additionally, we donate at least 20 Optimists every year to youth projects, which are built in the Schleswiger Werkstätten, an inclusive workshop in Kappeln. The IMMAC SAILING ACADEMY collaborates closely with sailing clubs and schools to support their sailing courses and clubs. They provide Optimists as training boats free of charge.

Training and further education

The IMMAC group is a company that provides continuous training to its employees. We prioritize the further training of our employees and offer regular internal training programs. For topics that require external expertise, we rely on trusted consulting services. Our commitment to employee development is reflected in our internal training platform,

¹ Based on the following assumptions: 1 litre of Volvic brand water causes 121.5 grams of CO₂ equivalents. A returnable glass bottle causes an average of 84 grams of CO₂ equivalents. Values explicitly for the Viva con Agua brand were not available. Source: <https://www.foodwatch.org/de/informieren/taeuschung-irrefuehrung/goldener-windbeutel/abstimmung-2021/danone-volvic-mineralwasser>

which we have been developing since 2021 and continuously expanding with specially produced training videos. We offer our employees personalized training opportunities and conference participation to enhance their expertise and expand their professional network.

Status quo recording

In 2022, the unit set the goal of surveying the current status of CO₂ emissions in everyday office life. By 2023, this goal was prioritized to measure specific savings and their impact. A comprehensive data management system was established in 2023, and basic data collection was successfully completed. External stakeholders provide the operating cost statements and other data. Although this dependency has caused delays in the process flow, the survey is expected to be completed by 2024. This will allow for initial evaluations and the development of specific measures.

Exclusion criteria

Investors can confidently exclude issuers from investment by inviting tenders and recognizing exclusion criteria that they consider controversial from ethical, sustainability, or financial perspectives. To align a portfolio with standards and values, sustainability exclusions are generally based on negative screening, using a catalogue of specific exclusions. We have already included the definition of a catalogue in our ESG strategy in 2023

and have taken the first steps towards its implementation. The specific criteria for the catalogue will be developed in 2024. Our goal is to ensure complete transparency by excluding products at the fund or business partner level that are deemed controversial in terms of ethics and sustainability.

Biodiversity

Biodiversity is a new focus area in our sustainability strategy. In 2023, it gained significant importance in ESG discussions. The challenges of climate change and global environmental change demonstrate that protecting biodiversity is of central importance. The property sector plays a crucial role in shaping sustainable urban living spaces. We incorporate the preservation and promotion of biodiversity in our real estate projects to maintain ecological balance, acknowledging the inseparable connection between the built environment and natural diversity.

Construction Unit

Plant for Beds

IMMAC has been a proud partner of the PLANT-MY-TREE® initiative since 2021. The programme is utilized for afforestation to bind CO₂, especially on areas for initial afforestation, forest conversion, and forest protection on destroyed forest stands. The regional focus of the reforestation areas is in Germany. Thanks to this partnership, the IMMAC group launched the ‚Plant for Beds‘ project, planting a tree for every new care bed and assisted living unit they build. Our efforts are aiding in the absorption of CO₂ and contributing to the protection of the climate. We have already planted 651 trees for the new construction projects listed in the table below, since the inception of the project.

Project	Year of completion	Number of trees planted (corresponds to the number of beds/residential units built)
Nursing home in Bückeberg	2021	131
Assisted living in Bückeberg	2021	46
Assisted living in Lengede	2021	32
Nursing home in Mechernich	2021	80
Nursing home in Cismar	2022	99
Flats in Cismar	2023	13
Nursing home in Rinteln	2023	124
Nursing home in Freyburg (Unstrut)	2023	126
Sum		651



Sustainable building

High-quality care properties are crucial for providing excellent care. They must be designed to create a positive environment for both residents and staff. In line with SDG 13, which emphasizes measures for climate protection, sustainable construction, properties for multiple generations, and technical innovations are also vital considerations within the ESG context.

We adhere to relevant building standards and incorporate energy-efficient construction practices for the healthcare industry. We partially met the ESG targets set for us in 2023 due to challenging market conditions that also affect the construction sector. However, we successfully completed the three projects in Cismar, Rinteln, and Freyburg, demonstrating our commitment to excellence. The care facility in Rinteln confidently meets the KfW Efficiency House 55 standard, while the facility in Freyburg confidently meets the KfW 40 standard. The Construction unit consistently prioritizes ESG when planning projects

Acquisition Unit

Purchase process

Since the Group's inception, we have consistently pursued a sustainable approach for our fund products. We carefully evaluate each new acquisition to ensure that the property is suitable for sustainable investment in terms of long-term viability, security, and market and location development. We are confident in our ability to make informed and responsible investment decisions. Our research department conducts a thorough analysis of economic indicators and examines the location's suitability for each acquisition project. After each review, it provides a purchase recommendation. Last year, during the acquisition process, the research department decisively incorporated ESG into all of its analyses. Although the data situation is challenging due to ongoing market analysis, we have taken a proactive approach to gather as much comprehensive data on relevant parameters as possible. The research team is closely monitoring the development of the current study and data situation and incorporating new findings into the analyses.

The property undergoes thorough scrutiny as part of a technical due diligence process. The Acquisition unit maintains close links with the Portfolio and Fund Product units. Upon acquisition, the properties are promptly transferred to portfolio management and a fund product. The fund product sets the specifications and parameters for the transaction process and review.

ESG criteria have been a key consideration in our purchasing process since 2022. We discuss ESG issues in a separate section during the internal approval process. From 2024 onwards, we will

actively promote ESG and sustainability with our external partners and service providers as part of the due diligence processes. As part of the technical due diligence, we conduct an ESG due diligence at both technical and market levels for each property acquisition.

Portfolio Unit

Status quo recording

In late 2021, we joined the ESG Circle of Real Estate (ECORE) as a member. Our participation in this initiative demonstrates our commitment to promoting transparency, measurability, and comparability of sustainability in property portfolios. Our next objective is to facilitate CO₂ reduction in building portfolios and establish ESG conformity in the property sector. To achieve these goals, the ECOPE project organization has established four specialist committees that focus on different types of building use. Our specialist committee is dedicated to care and social properties. As proud members of the ESG Circle of Real Estate, we are committed to establishing comparable market values to significantly reduce CO₂ emissions in our property portfolio. In 2022, we successfully tested the ECOPE tool for data collection and expanded its use in 2023 to identify new tasks for our units based on the tool's insightful questions.

The Portfolio unit's main objective within the ESG strategy is to accurately document the current situation. Based on this, we will take specific actions to decrease CO₂ emissions by 70% by 2040. In 2022, we conducted a thorough evaluation of available service providers in the market. Using this information, we engaged in close consultation with two service providers in 2023. We are confident that with the assistance of technical experts, we will successfully achieve this ambitious goal. In 2023, we conducted a successful pilot project on four existing properties. Our commissioned service providers prepared comprehensive reports that provided us with valuable ESG-related data for these selected properties. This has given us the confidence to plan for the roll-out of portfolio screening across the entire property portfolio of the IMMAC group.

Fund Product Unit

Regulation

The priorities of the Fund Product unit are determined through close collaboration with the Portfolio and Construction units, as well as strict adherence to legal requirements for financial products, including the EU taxonomy and the regulations of the German Federal Financial Supervisory Authority (BaFin). Our fund prospectuses in 2021 have unequivocally demonstrated our commitment to ESG and sustainability. The transaction requirements for the purchase were included in the business planning. We reviewed ESG parameters as part of the due diligence process.

This creates a strong basis for incorporating sustainability criteria into the acquisition and due diligence process (see Acquisition unit).

HKA Hanseatische Kapitalverwaltung GmbH's website, a wholly owned subsidiary of IMMAC Holding AG, confidently publishes information on how sustainability risks, sustainability factors, and participation and remuneration policies are handled in investment processes in compliance with the Disclosure Regulation (Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector). We prioritize transparent and open communication with all stakeholders, not only at the regulatory level but also as part of our ESG strategy.

Outlook

The current challenging market situation will remain with us in 2024. This year, as in 2023, we must therefore continue to focus on the company's core processes. However, we will also continue to pursue the issue of sustainability and, as far as possible, work on implementing the measures we have imposed ourselves in 2024. Likely, we will then turn our attention back to ESG issues in 2025 and 2026.

We plan to drive digitalization across all units by constantly optimizing processes and workflows both internally and externally. We want to further expand digital document signing internally and with our partners. We are also reviewing our annual sustainability reporting, which is to be based on one of the established reporting standards in the future. The analysis of the status quo regarding the CO₂ emissions of our internal processes forms the basis for the implementation of further measures and their prioritization within the Group unit.

In the acquisition process, we will work with our external partners and service providers to expand the ESG criteria formulated by the Fund Product unit as part of the due diligence processes.

Our construction company forms partnerships and development cooperations to enhance the sustainability of our new projects. Our mission is to construct more concept care homes that have a positive impact on the environment, society, and governance. We are committed to decreasing the CO₂ emissions of our portfolio properties by 70 % by 2040. Our next step is to expand the ESG screening that has already been initiated as a pilot phase to the entire portfolio. We will build a broad and deep database by working with external service providers who have experience and expertise in this area. Furthermore, we are actively pursuing participation in the ECORE initiative for 2024.





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