Transparency about adverse Sustainability Impacts (PAI) at company level

d.i.i. Invest

Due diligence to identify adverse impacts on sustainability factors

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector obliges financial market participants to disclose information on the consideration of adverse impacts of investment decisions on various sustainability factors. For this purpose, the EU Commission has defined 18 mandatory and 46 optional Principal Adverse Impacts (PAI) indicators.

d.i.i. Investment GmbH (d.i.i.) is an Alternative Investment Fund Manager. It is a wholly owned subsidiary of d.i.i. Deutsche Invest Immobilien AG and is fully committed to identifying adverse impacts on sustainability factors. D.i.i. considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the d.i.i. Group. In this context, d.i.i. will review and update this declaration once a year, considering the standards of the UN Global Compact and the UN Principles for Responsible Investment (UN PRI).

Adverse sustainability impact of investment decisions

Investment decisions can have a negative impact on sustainability factors. The more a decision has a negative impact on sustainability factors in the investment process, the more important it is to analyse the possible effects in detail.

d.i.i. analyses and assesses sustainability risks throughout the investment process. To fulfil our due diligence, we take into account environmental, social and labour concerns, respect for human rights and the fight against corruption and bribery.

The d.i.i. group has first-rate experience in the energy refurbishment of residential properties and in social interaction with tenants. Over the years, it has developed various methods to appropriately assess sustainability factors and prioritise the most important negative impacts on sustainability factors according to probability of occurrence, severity and risk propensity.

Focus: Climate protection and social responsibility

The Federal Environment Agency puts the share of real estate in CO2 emissions in Germany at around 30 percent.[1] For the d.i.i. Group, which invests primarily in German residential real estate, climate protection is therefore particularly important. It wants to promote a less carbon-intensive real estate industry with various measures.

In addition, d.i.i. is particularly committed to the interests of tenants. In this way, we want to fulfil our social responsibility and make a strong contribution to social coexistence.

For more information, please click here:

Responsible Investments (dii.de)

Key adverse sustainability impacts

In accordance with Article 4 of the Sustainable Finance Disclosure Regulation (SFDR), d.i.i. identifies and prioritises the most important negative sustainability impacts and indicators through a double materiality assessment. The most important aspects for d.i.i. are the

[1] Vgl. Umweltbundesamt (2022), URL:Gebäude: Wichtig für den Klimaschutz!

reduction of the CO_2 footprint and the integration of sustainability into fund management and real estate development. Therefore, d.i.i. has decided to successively collect ESG data on the following PAI indicators for real estate investments:

- Greenhouse gas emissions
- Energy efficiency

PAI's prioritisation may change over time. Furthermore, individual investment products may have a different focus in the future. For example, investments in social housing would likely result in a different PAI prioritisation.

Corporate Governance

The consideration of negative effects of investment decisions on various sustainability factors is part of the ESG strategy of the d.i.i. group. In order to comply with and monitor relevant KPIs as well as the in-house ESG-Code, a cross-investment ESG committee has been established in which the management is directly represented. This makes it possible to develop and implement recommendations for action at an early stage.

Current and planned measures

d.i.i. has taken a number of measures to improve the management of negative impacts on sustainability factors. These are applied as well as continuously reviewed and adjusted.

When evaluating impairments of sustainability factors, d.i.i. considers the entire investment process up to a later sale of the property. The following examples are intended to give a first impression:

Due diligence phase

Even before the purchase, the planning of energy modernisations to improve the energy balance of the property to a maximum of 200 kWh/m² and an estimate of the CO_2 reduction through the planned investment measures takes place.

Modernisation/refurbishment phase

After completion of the modernisation/refurbishment work, d.i.i. will have accurate data on resource quantities and corresponding greenhouse gases to an appreciable extent. Irrespective of this, the elaborate work leads to a massive improvement in energy efficiency and emission intensity.

Improvement of the data situation

So far, d.i.i. has not succeeded in implementing a comprehensive system for recording energy consumption and greenhouse gas emissions. This is mainly due to the structure of the property portfolio, which consists to a large extent of buildings that are 30 years old and older. Therefore, d.i.i. will continuously improve the data situation for its portfolio properties in the following reporting periods.

Further examples and information on dealing with greenhouse gas emissions and improving the energy efficiency of the investment properties can be found in the Sustainability Report of the d.i.i. Group.

International Standards

d.i.i. is a signatory or member of the following responsible investment initiatives:

Signatory of: PRI Principles for Responsible Investment

GRESB Real Estate Member