SUSTAINABILITY REPORT 2025

KGAL REAL INVESTMENTS

When does an idea become an investment?

Much of what was long considered set in stone is now gaining momentum – on many fronts at once. Aircraft are increasingly flying on sustainable fuels. The first battery storage systems are complementing renewable energy generation and enhancing security of supply. Buildings are being fitted with a digital nervous system and are learning to communicate.

Such beginnings mark turning points: moments when an idea gains social relevance and, as a result, momentum. The point at which a technology reaches maturity and a market opens up – and with it, a window of opportunity for investment.

Momentum can also build in places where you wouldn't necessarily expect it. Compliance, long unfairly dismissed as merely a matter of meeting obligations, is becoming the architecture on which resilient investments rest. As investment managers, we do not view sustainability as a secondary aspect of investment, but increasingly as a driver of resilience, value creation and long-term economic success.

This sustainability report is not produced out of a sense of obligation, but out of conviction. It sheds light on the forces shaping our asset classes and business divisions. What matters is not only technologies or markets, but the people who recognise change, shape it responsibly and invest in sustainable solutions.

We hope you find this an inspiring read and gain fascinating insights into the world of KGAL.

Warm regards,

FLORIAN MARTIN
Co-Chief Executive Officer

ANDRÉ ZÜCKER
Co-Chief Executive Officer

Contents

ESG is dead, long live ESG. The litmus test of a good idea.

Six theses, six times straight talk

Over the past five years, ESG has gone through several stages: first a beacon of hope and a selling point, then the norm and a must-have, and finally a point of friction between American backlash politics and European regulation. What remains once the hype has died down, the outrage has subsided and day-to-day business is back to normal?

Let's talk straight: Carolin Vormann and Hannes Tausend give their views on six bold claims about ESG that we encounter time and again.

THESIS 1

These days, you have to be able to afford ESG.

CAROLIN VORMANN No, I don't see it that way. ESG has become a commodity – a risk management tool, no more, no less. Every institutional investor today pursues a corresponding long-term investment strategy that naturally incorporates ESG, as this systematically reduces portfolio risks and offers opportunities in the long term across the entire allocation. That is no longer up for discussion. Article 8 or 9 is considered a given – and the good thing is: our products meet these requirements. But today, ESG is no longer seen as a mark of distinction. At the same time, the understanding of what constitutes a sustainable investment strategy has changed. It has moved away from one-off solutions. Anyone who takes a serious approach today thinks holistically – as a matter of social responsibility and support for transformation. That is now the norm for the institutional majority.

HANNES TAUSEND And this is precisely where our challenge lies. When ESG becomes part of the day-to-day business – SFDR, CSRD, disclosure requirements – many firms can handle these to a high standard. The questions are: Where's the 'wow' factor? Where can we go further than others? My answer: We can delve deeper into the core processes of the business. Take a closer look at the assets in detail and manage their performance. When assessing a building, ask: how can I develop it further from a sustainability perspective in such a way that it becomes more attractive to tenants – and ultimately results in a higher market valuation? When it comes to infrastructure, move away from reporting on the last twelve months and towards active asset management, so that the asset is worth more at the end of the year than it was at the beginning. Anything less than that is merely about meeting the requirements. This is the level at which ESG must create added value today.

> **"Adapt or die. Anyone who still regards ESG as a luxury today has failed to understand the market."**
>
> HANNES TAUSEND

THESIS 2

First the return, then ESG.

HANNES TAUSEND To a certain extent, this also applies to the ESG Office: ESG follows the business. We know exactly what contributes to returns, and we know that we provide support where needed. We move with the investor. But there are boundaries where we say: this far and no further. Within those boundaries, the hierarchy is clear. The assets must generate a return; they must meet requirements in terms of liquidity and security; everything else comes after that. ESG is one building block among many. That doesn't make it unimportant – quite the opposite. It is precisely because we define its role so clearly that it can ultimately be the building block that makes all the difference: in terms of returns, partnerships and success stories.

CAROLIN VORMANN And the pressure on this component is enormous. Equity raising has become extremely challenging – we are facing fierce competition from a large number of professional players. Nowadays, nobody is prepared to forego a return simply for the sake of it. Those days are over, and the same applies to impact investments. Impact products must now meet the same performance expectations. However, not taking ESG seriously would be the corresponding mistake on the other side. That would not be economically viable; it would be a strategic mistake. You only have to look at the insurers: they must cover natural disasters. The past year is considered a good year in terms of claims, specifically because it had a low claims ratio, including for natural disasters. The industry was able to breathe a brief sigh of relief. But the strain is real, and it is getting worse. Any asset manager who doesn't think ahead in this regard is in for a problem.

> “Today, every asset manager faces a choice between climate litigation and lost returns.
>
> If you want to avoid both, you need an ESG strategy.”
>
> CAROLIN VORMANN

THESIS 3

Defence must not be included in ESG portfolios.

CAROLIN VORMANN We need to make a clear distinction here. Defence is not just about weapons. It includes buildings, infrastructure, dual-use products and intermediate goods. First, our investors must implement their own investment guidelines. Most of them have consistently ruled out defence for years – they would now have to reverse that decision, and that would take time. By and large, I have not yet come across many instances of anyone changing their investment guidelines to allow for defence investments. Incidentally, pension schemes and pension institutions are quicker off the mark than insurers in this respect, if only for regulatory reasons. Here at KGAL, we generally follow the lead of our investors. If an investor approaches us and wants to tap into this sector for the first time, that is a great opportunity for us. We have the expertise, a deep understanding of infrastructure, and we know how sector investments work. It would be really exciting to work this out together with the client. In the ESG Office, I don't actually see such major discrepancies in this regard as one might perhaps expect.

HANNES TAUSEND I can confirm that. We have clear exclusion lists – controversial weapons, landmines, cluster bombs. What matters to me is: these exclusions are not driven by the ESG Office. They represent a decision that stems from management's social responsibility and is underpinned by KGAL's values. So when an investor approaches us with a proposal like this, the question is not whether it fits within the ESG framework – but whether it aligns with KGAL's culture and values. One industry we are very actively involved in, on the other hand, is aviation. From a purely ESG perspective, this is an industry with high CO_2 emissions. But not flying is not an option. We see it as our responsibility to be part of this transformation and to make the most of it. There is sufficient scope to manage topics that may initially seem difficult from a sustainability perspective.

THESIS 4

More reporting simply means more work.

HANNES TAUSEND Sure. We have put an enormous amount of effort into disclosure over the last few years. The result is a review of twelve months' work, which is of limited significance. The real question only arises after that: So what? What do we do with all this data? Thanks to the digitalisation of assets and asset managers, we are able to identify and manage performance with much greater precision. We have a much better basis for discussion and a higher level of ambition. And it compels us to undertake a translation task that I consider crucial. For example: CO_2 is an abstract metric in the world of finance, almost a physical quantity. Only when we translate it into euros – how much investment is needed to avoid a given number of tonnes of CO_2? – do we talk to investors in their own language, on an equal footing. With ESPF 8, we have built precisely this bridge. This is the debate that is currently transforming ESG from a compliance issue into a management tool.

CAROLIN VORMANN That's exactly what we're hearing from investors too. As a servicer, we produce a huge volume of reports – which involves a considerable amount of work on both sides. But investors tell us quite openly: "It would be a great help if you could put together a selection for us that clearly identifies what is relevant to the investment and facilitates decision-making."
That is precisely the approach we are taking with the sustainability report. The added value must be made tangible in the investment itself. My ideal message to an investor would be: "If you invest in ESPF 8 or Core 5 now, we will support your portfolio's transition towards net zero by x per cent." That is the added value that sets an asset manager apart from the crowd today: not the reporting itself, but how it is used to benefit of the investor.

THESIS 5

ESG is no longer a matter of aspiration, but of realpolitik.

CAROLIN VORMANN Absolutely. ESG has taken on a political dimension, and that dimension is underestimated. Sovereignty, independence – aspects that nobody would have thought about in discussions with investors five years ago. Today, investors ask a very pragmatic question: "Why does the asset have to be in Helsinki? There's a border right there between powers that aren't exactly on friendly terms." Concerns like that crop up in discussions. Or let's take a look at the insurers – our best early indicator. Public insurers in Germany have just launched a platform where any member of the public can enter their address and check whether there are any risks of hail, flooding or heavy rain. This shows: climate risk has become part of everyday life. If insurers position themselves in this way, this applies all the more to their investment behaviour. Anyone who ignores ESG in their investment strategy is ignoring societal expectations and risks financial losses to their portfolio. That's the point.

HANNES TAUSEND And that leads directly to the topic of data. When investors need to rethink their risks and allocations in response to geopolitical, climate and regulatory changes, they need a partner who can support them with substance. Not with moralising about values, but with data, analyses and concrete management options. This is precisely where ESG can play a supporting role – not as an ideological add-on, but as a link between the two. We have assets, and they need to perform. But assets are managed by people, and relationships with investors are maintained by people. To achieve this, you need substance – and that's exactly what ESG can deliver: through transformation, through data transparency and through strategic partnerships that have a real impact.

THESIS 6

At the start of 2022, the world was a different place – perhaps we've all overestimated the importance of ESG.

CAROLIN VORMANN On the contrary. Looking back, I would even say: I should have been bolder. In 2012 and again in 2022, while at a former employer, we discussed natural capital – reforestation and agricultural projects around the globe. Back then, even discussing this with institutional investors was still quite unusual, and there were very few who were prepared to establish a separate asset class for it. We set this up as a joint venture with a specialist asset manager. In 2023, we completed our first closing with an insurance client, who subsequently increased their allocation. Today, it is an established asset class that is continuously being developed. Particularly when it comes to moving towards net zero, today I would tell my younger self: failing to take ESG seriously is not only ideologically wrong – it is uneconomical and strategically misguided. The insurers are showing us this right now.

HANNES TAUSEND For me, 2022 marked a different moment. I didn't originally come from ESG at all, but from M&A. The move into ESG at the time was certainly a bold one – there was a certain amount of hype surrounding the topic, and it could well have been that, after two years, it would have faded away or taken a back seat. Today, four years on, I'd give my past self a pat on the back: I got it right. Purely in terms of relevance, it was the right decision. This issue will remain relevant – because it is what the economy, society and nature will need in the future.

CAROLIN VORMANN

Head of Institutional Business

Carolin argues, from an investor and sales perspective, that ESG has become a commodity and a risk management tool that delivers financial value – as demonstrated, amongst other things, by insurers using it as an early indicator of climate risks.

HANNES TAUSEND

Head of ESG

Hannes sees the added value of ESG as going beyond mere compliance, lying instead in actively managing assets and translating abstract metrics such as CO_2 into euros – the language investors speak – with ESG serving as a management tool rather than a compliance issue.

"ESG has evolved from a nice-to-have into a must-have. And that's not the end of the matter – that's where the real work begins."

HANNES TAUSEND

KEY TAKEAWAYS

1

ESG follows the business.

Return, liquidity, security – only then does everything else come into play. Anyone who pits ESG against economic viability has lost. Whoever integrates it cleverly comes out on top.

2

ESG is about insight, not just commitment.

Climate risk hits insurers. Location risk affects investors. Data gaps affect effective management. Anyone who hears ESG arguments these days no longer hears values. They hear costs.

3

ESG fosters independence.

Energy independence, independent sites, independent supply chains. What began as a debate on values is now the foundation of strategic resilience.

BESS. The rising stars of infrastructure investment.

The time has come. Just a few years ago, battery storage systems were seen as an expensive add-on – a buffer for when there is too much sunshine. Today, they complement renewable energy generation, stabilise electricity grids and are growing faster than any other infrastructure asset class. The cost? Down by 70 per cent since 2022. The capacity? In 2025 alone, the world added more storage capacity than in all previous years combined. That is the moment when a niche topic becomes a flagship investment.

−64%

costs since 2022

Turnkey costs for battery storage worldwide – weighted at 117 dollars per kilowatt-hour. In China, 73 dollars. In Europe: 177 dollars. For the same cost as in 2022, you can now get three times the storage capacity.

257

gigawatt-hours

New storage capacity installed worldwide in 2025. An increase of 51 per cent compared with the previous year.

40%

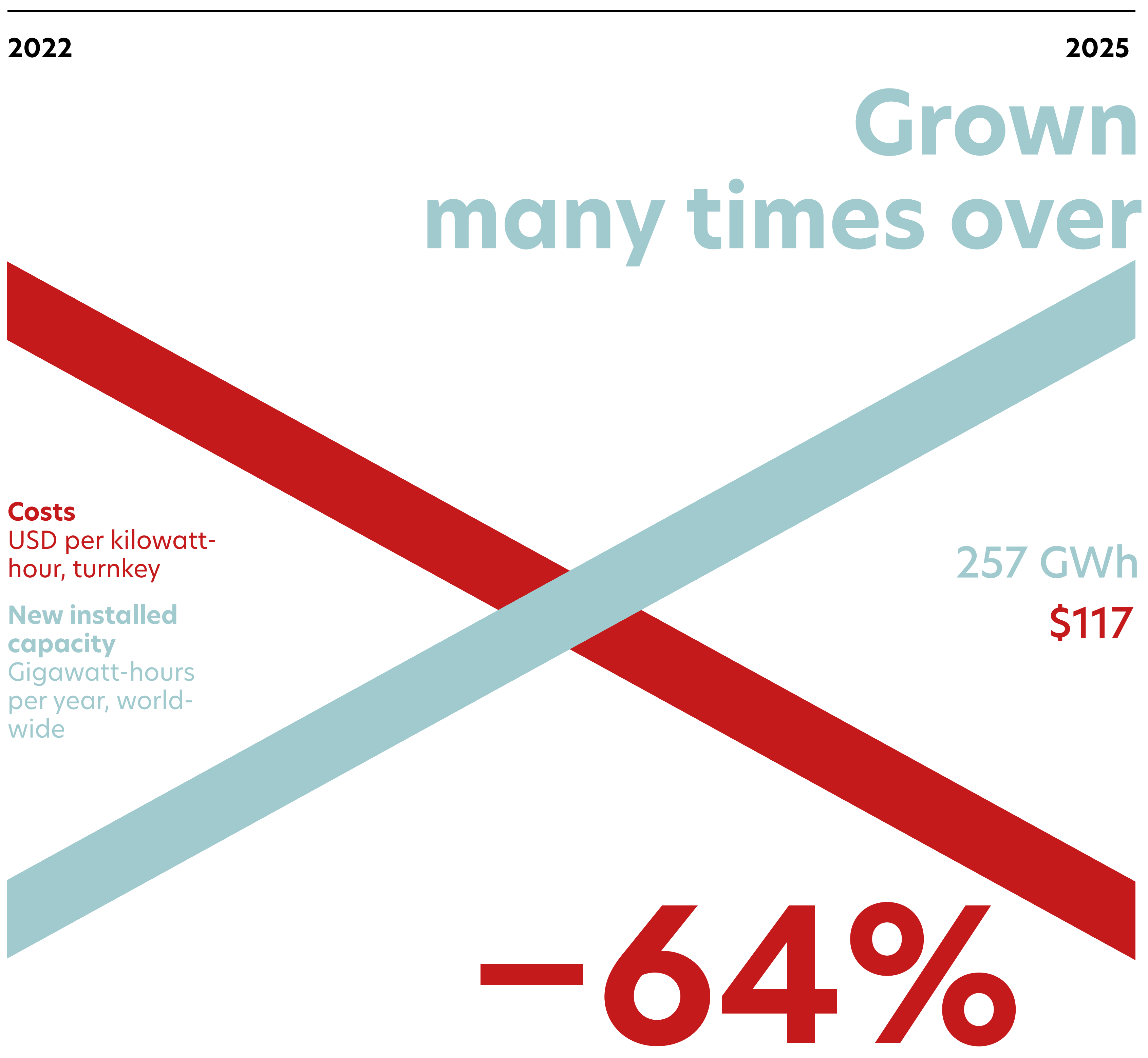
of cumulative capacity

Four out of every ten gigawatt-hours of the world's cumulative installed battery storage capacity were added in a single year: 2025. The total installed capacity thus reached 610 gigawatt-hours for the first time.

12th

consecutive record year

In 2025, the EU installed more battery storage capacity than ever before for the twelfth consecutive year. Up 45 per cent compared with 2024. The driver: large-scale storage facilities, which for the first time account for more than half of the new capacity.



Costs down, capacity up. The gap between 2022 and 2025.

Sources: BloombergNEF Energy Storage Systems Cost Survey 2025; Benchmark Mineral Intelligence (2026); Volta Foundation Battery Report 2025

If you want to understand battery storage, there's just one figure you need to remember: 64 per cent. This is how much the cost of turnkey storage systems has fallen since 2022. For the same amount of money it took to build a storage system back then, you can now get three times the capacity. This is not the result of an overnight technological breakthrough. It is the result of a self-accelerating learning curve: because more is being built, it's getting cheaper. Because it's becoming cheaper, more is being built.

The figures are almost unbelievable: in 2025, 257 gigawatt-hours of new storage capacity were installed worldwide – an increase of 51 per cent on the previous year. 40 per cent of all battery storage capacity ever installed worldwide was added in that year alone. In the EU, it was the twelfth consecutive year of record growth. Germany alone has increased its installed storage capacity by more than twentyfold since 2018.

What is happening here is something we usually only see in the evolution of solar energy: a technology reaches the point where it no longer needs funding because the market supports it. Battery storage systems have passed this point.

FROM BUFFER TO BACKBONE

For a long time, battery storage systems were the quiet achievers in the background: they collected surplus solar power and fed it back into the grid in the evening. Useful, but not essential. That's changing right now. Today, large-scale battery storage systems are taking on tasks that previously required entire power stations: they keep the grid frequency stable, absorb peak loads and avoid costly redispatch.

In northern Germany, a battery storage facility takes in surplus wind power, while its counterpart in southern Germany feeds electricity into the grid. Together, the two effectively replace a transmission line stretching hundreds of kilometres – saving enormous construction costs. This is no longer a pilot project. This is the new normal.

Martin Kügemann, Head of Portfolio Management for Energy Transition at KGAL, pinpoints the turning point quite precisely: “The game-changer was the sharp fall in prices. This development had been unfolding over many years, but around three years ago it reached a stage where batteries had become genuinely competitive in Germany. Before that, it was a subject for pioneers. Today it’s a market.”

And demand continues to grow: according to estimates by SolarPower Europe, the EU will need around 750 gigawatt-hours of storage capacity by 2030 – roughly ten times the current level. Without this expansion, the energy transition simply won’t work, because more and more electricity is coming from sources that do not supply power around the clock.

INVESTORS, TAKE NOTE: THIS INFRASTRUCTURE BEHAVES DIFFERENTLY.

When people hear the word ‘infrastructure’, a certain image springs to mind: long-term contracts, predictable returns, low risk. Motorway, port, wind farm with a long-term feed-in tariff. That is precisely why institutional investors are comfortable in this asset class.

From a technical point of view, a battery storage system is part of this grid infrastructure. Economically, however, it behaves differently. In most cases, its returns do not come from long-term supply contracts, but from the fact that electricity is expensive one hour and cheap the next. The battery storage system buys when prices are low and sells when they’re high – a few hours later, the cycle starts all over again. That is the logic of a short-cycle market, not that of a 20-year licence.

Carsten Haubner, who is responsible for the ESPF 5 in the portfolio management team, sees this as the industry’s most important task: “Investors need to understand what they are buying. Otherwise, there’ll be a debate in five years’ time. There is already an first example of this on the market: a major competitor has sold sold storage assets to an insurer that was seeking stable, bond-like returns. After a strong start, returns became more volatile, prompting the investor to terminate the mandate. There was nothing wrong with the deal itself. But it had been sold as something it wasn’t.”

“At the moment, everyone’s talking about battery storage,” says Carsten. It is a period in which the wide spreads between negative electricity prices at midday and peak prices in the evening are generating attractive returns. However, as more and more storage facilities become operational, these spreads will return to normal. This is expected to happen within two or three years. Anyone who holds on to an asset for 15 years will end up with an asset that looks different from the way it did on the day of purchase – fewer peaks, more stable returns, different margins.

That is not a shortcoming of the technology. It is simply the normal maturation of a market. But this needs to be communicated transparently to preserve the trust the industry needs for continued growth.

Grevesmühlen: KGAL's first stand-alone battery storage project

LOCATION

Germany. Commissioning is expected in July 2026. KGAL's first standalone storage project – in other words, not linked to a solar or wind farm, but designed as stand-alone grid infra-structure.

FUNCTION

Frequency control, peak load reduction, and trading on day-ahead and intraday markets. What sounds theoretical in the article above is now becoming reality here: an asset that – de-pending on the time of day – takes in electrici-ty, stores it and then feeds it back into the grid.

RELEVANCE WITHIN THE PORTFOLIO

Both a learning case and a blueprint for scal-ing. The next storage facilities in the Czech Republic and Germany are currently being pre-pared, and commissioning is expected later this year.

THE UNCOMFORTABLE QUESTION IS: WHO IS ACTUALLY BUILDING THIS INFRASTRUCTURE?

In China, a turnkey large-scale energy storage system costs 73 dollars per kilowatt-hour. In Europe, the cost is 177 dollars – about two and a half times as much. This disparity is no coincidence. It is the price tag of a supply chain that is largely based in Asia. That is not to say that Europe is doing nothing. But it does mean that reliance on Asian supply chains – for battery cells, inverters and control systems – is an issue that cannot be ignored when discussing sustainable infrastructure. Resilience, as was pointed out at the roundtable, also means: knowing where the key components come from.

This is precisely where the regulatory framework comes into play; it has matured considerably since 2023. The EU Battery Regulation requires increasingly detailed evi-dence of the origin of lithium, cobalt and other critical raw materials. The EU Taxonomy and the SFDR comple-ment this from the investor side. For asset managers, this means a more in-depth due diligence – and, ultimately, for the market, a clearer distinction between projects that are genuinely green and those that are green in name only.

Verena Odin, ESG Manager for Sustainable Infrastructure at KGAL, has adapted the due diligence process used for wind and solar projects to the first standalone energy storage investment and tailored it to the specific charac-teristics of the battery. One factor consistently works in the investors' favour: under the regulations, the responsi-bility for disposing of batteries lies with the manufacturer. What happens to the cells at the end of their life cycle is therefore not a risk borne by the fund. Verena has a clear vision for 2030: "What I'd like to see: European produc-tion, less reliance on China, transparent supply chains – and ultimately a genuine material cycle in which materials are not lost."

KGAL ESPF 5: WHY ITALY, OF ALL PLACES?

Italy has ambitious targets for expanding renewable energy, but there is one problem: the grid can't keep up. A great deal of solar and wind power is generated in the south of the country, but demand is concentrated in the north. This results in regular overloads and shutdowns. Battery storage systems can bridge this gap – and that is precisely where the KGAL ESPF 5 comes in.

Together with its Italian partner IMCS, the fund is devel-oping four large-scale battery energy storage systems with a total capacity of 1.2 gigawatts. Italy's current capacity for large-scale storage is practically zero – yet the country will need at least 15 gigawatts by 2030. The projects are being developed to the point of being ready for construction, with the option of selling them at that stage.

However, the real reason for the size of the projects is regulatory. Italy announced plans in 2024 for the intro-duction of the so-called MACSE scheme: an auction model under which storage operators are not paid for trading on volatile electricity markets, but for the mere availability of storage capacity – in a similar way to how traditional infrastructure is remunerated through long-term contracts. For an asset that typically operates with a high proportion of merchant transactions, this means significantly less risk. It was precisely this mechanism that led the ESPF 5 to increase its exposure in Italy more than in any other market.

As a result, MACSE has now delivered less than the mar-ket had initially expected. This does not alter the strate-gic rationale behind the investment: four major projects, ready for construction, are on the cards in a country that needs this expansion now – and which has by far the greatest storage requirements in southern Europe.

FROM BOOM TO ESTABLISHED ASSET CLASS

If there's one thing the industry has learnt from the solar boom, it's this: over-exuberance hurts. Anyone who bases projects on inflated returns ends up with projects that do not pay off in the long run. Anyone who attracts investors with unrealistic expectations will lose their trust for the next round.

In conversation, Martin Kügemann puts it in a way that may sound like an understatement, but on reflection, it is the wisest thing that can be said about this market: "Actually, I'd like to see steady growth here. A healthy path upwards"

This is the path battery storage needs to take to fulfil its potential: not just the hype of 2025, but an asset class that will support the energy transition for decades to come.

Five years, 673 gigawatt-hours. The investment window is now open.

673 GWh

THE WINDOW OF OPPORTUNITY
must be created by 2030

77 GWh **TODAY**
EU stock
at the end of 2025

750 GWh **REQUIRED BY 2030**
EU requirement, estimate
SolarPower Europe

Storage capacity in the EU
in gigawatt-hours

Sources: SolarPower Europe 'EU Battery Storage Market Review 2025'; Bloomberg NEF/Volta Foundation Battery Report 2025

CARSTEN HAUBNER
Head of Core+/Value-Add Funds
Sustainable Infrastructure

"Investors need to understand what they are buying. A battery storage system is a piece of technical infrastructure, but as an asset it operates differently – it does not rely on long-term contracts, but on trading short-term price differentials."

VERENA ODIN
Portfolio Management
Sustainable Infrastructure

"When it comes to a storage system, it's not just about whether it supplies green electricity, but also where its components come from. What I'd like to see by 2030: European production, transparent supply chains – and ultimately a genuine material cycle in which materials are not lost."

MARTIN KÜGEMANN
Portfolio Management: Energy Transition

"The game-changer was the sharp fall in prices. What started out as a topic for pioneers has now become a market. Actually, there's one thing I'd like more than anything right now: steady growth, a healthy path upwards."

KEY TAKEAWAYS

1

The tipping point has been passed.

Battery storage systems have reached the point where they are economically viable without subsidies. Costs have been falling at double-digit rates for years, whilst installed capacity is growing exponentially. What is happening here is no longer driven by a funding scheme – it is driven by market forces.

2

Storage is the next infrastructure – but a different kind.

Technically speaking, battery storage systems are part of the grid infrastructure. Economically, they are not. Anyone who treats battery storage systems like a wind farm with a feed-in tariff is in for a surprise in five years' time. Anyone who understands them for what they are – a high-frequency, volatile market offering genuine returns – can make good use of them.

3

Europe must deliver – and ensure that others deliver too.

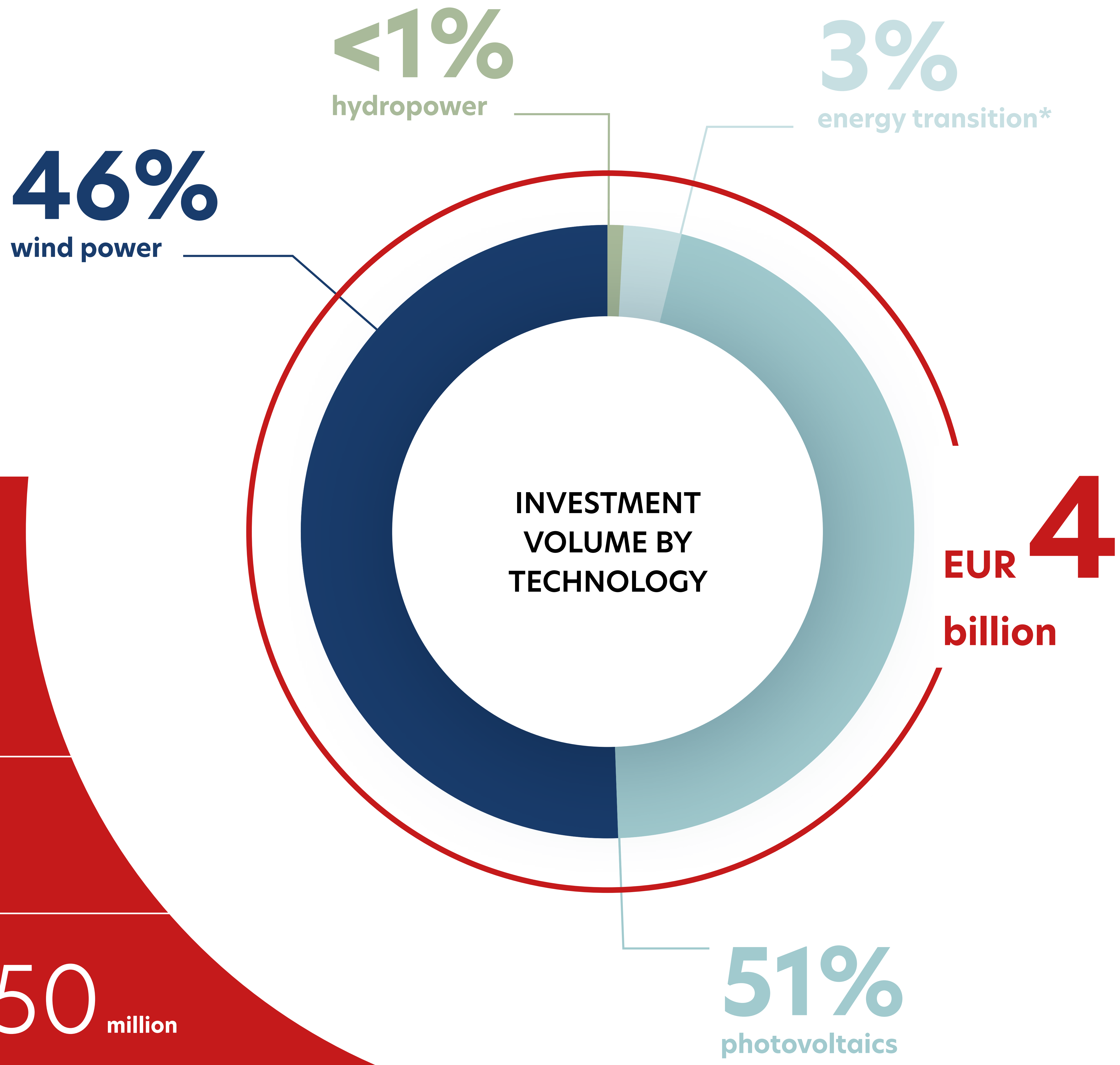
The demand for storage capacity in the EU is set to increase tenfold by 2030. This will only be possible with private capital. At the same time, the question arises as to where the key components come from – because whoever manufactures the batteries will help determine how independent the infrastructure will ultimately be.

Sustainable Infrastructure

AT KGAL

EUR 4 billion in 9 countries

one of the most extensive European portfolios



OUR EXPERTISE

Total renewable energy capacity in the operational portfolio	>1.7 gigawatts	Number of institutional separate accounts	4
Number of operational installations	118	Number of public funds and private placements	8
Number of institutional funds	7	Management of the PtX Development Fund of the KfW Banking Group	EUR 250 million

All figures as at Q2 2026 | *E-fuels + green hydrogen

What if buildings could 'speak'?

KGAL is establishing an integrated data platform for existing buildings. Relevant building, energy and operational data are brought together centrally, standardised and made available for analysis. What opportunities arise for asset and portfolio management when data availability and data quality become key management tools?

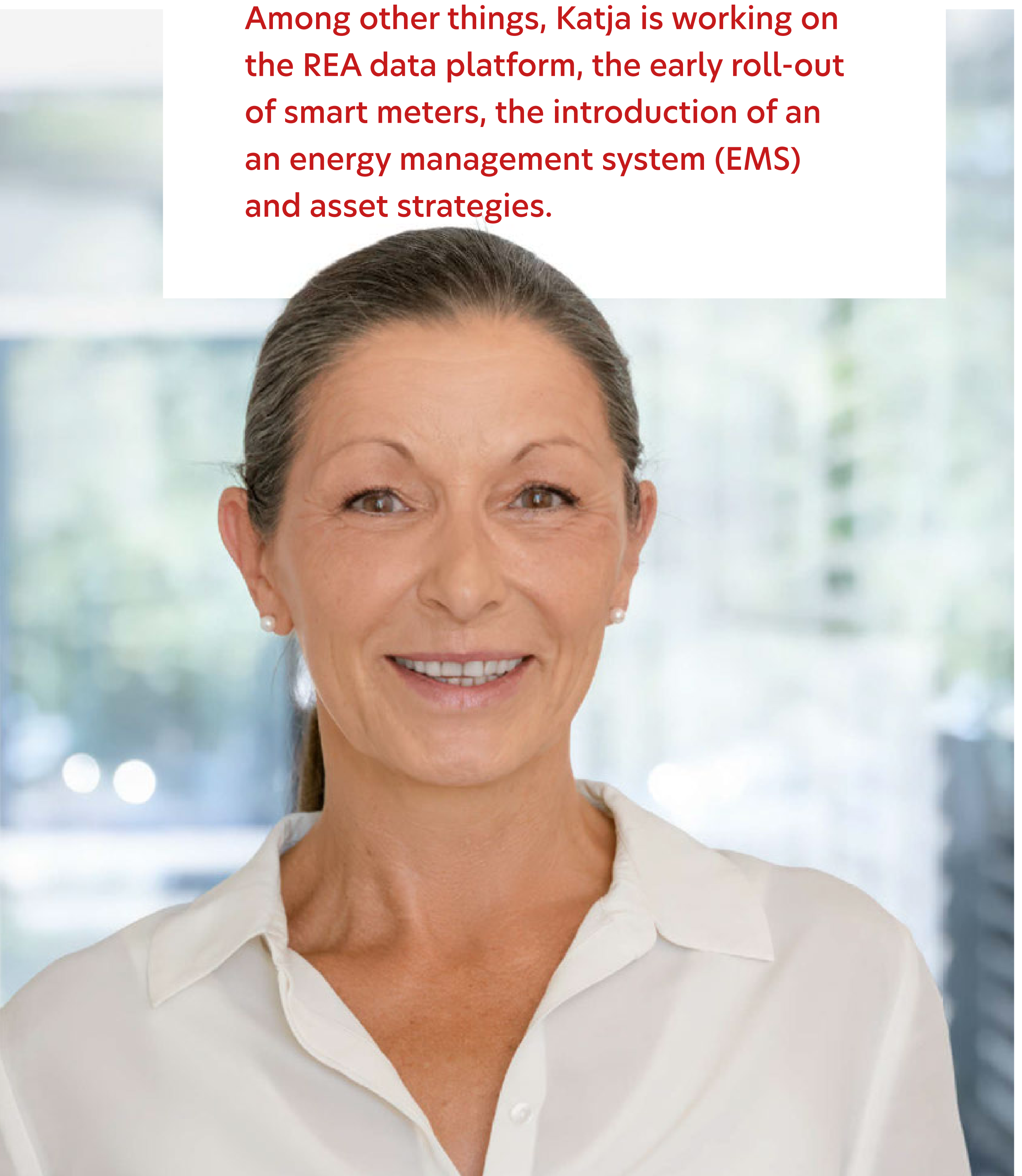
Three individuals. Three perspectives.

“Anyone who consistently implements an energy management system can unlock savings potential of between 5 and 30 per cent.”

KATJA ERLER

Real Estate Asset Management

Among other things, Katja is working on the REA data platform, the early roll-out of smart meters, the introduction of an an energy management system (EMS) and asset strategies.



An example from our Hamburg portfolio illustrates this point clearly and shows just how valuable transparency can be: it was only through the systematic analysis of consumption data that a multi-storey car park was identified as an unexpected source of energy consumption. The cause: outdated lighting. Following the switch to dimmable LED lighting with motion sensors, electricity consumption fell by more than 30 per cent – with a payback period of just 2.5 years.

Such potential is revealed by a ‘digital nervous system’: the intelligent linking and analysis of building data, which turns insights into concrete action. The reality in many existing portfolios is quite different: although consumption data is available, it is often decentralised, incomplete or only usable to a limited extent. With a centralised ‘single point of truth’, we create transparency and lay the foundations for data-driven asset and portfolio management that identifies potential at an early stage and sustainably improves building performance.

For us, this is more than just a technical project. At the end of the day, it is about delivering. At portfolio level, ESG reporting requires a robust, audit-proof data basis. At the same time, requirements at the asset level are increasing – not least as a result of the German Building Energy Act (Gebäudeenergiegesetz, GEG), which facing a comprehensive reform. That is why we are deliberately bringing forward certain parts of the smart meter roll-out. Quite simply because experience shows that things like metering architecture and energy management systems are either implemented in a structured way – or introduced later under pressure and with compromises. And once the systems are in place and being used properly, they generate tangible added value. In practice, a consistently implemented energy management system can can unlock savings potential of between 5 and 30 per cent. In already optimised properties, the effects are naturally less pronounced. In less transparent or less actively managed assets, on the other hand, they are often surprisingly large.

The more interesting question, however, is a different one – and it is still asked far too rarely in the industry: who actually uses the available data? Building management systems are already in place in many properties, but their potential remains untapped as long as the information gathered is not analysed and translated into action. That is why we connect meter data, energy management and centralised platforms to bring insights to where decisions are made – into asset and portfolio management.

The digital nervous system creates transparency; the real added value comes from the measures derived from it. After all, with better data, we are no longer just talking about energy consumption, but about active management: How can we optimise our energy procurement as prices become increasingly dynamic? What role do solar installations on buildings play? Is it worth installing battery storage systems?

The energy transition reached the real estate sector some time ago. And with the right data basis, we are no longer mere observers, but are in a position to actively steer and shape events. We’re getting ready.

THE DATA GAP IN FIGURES

3.43 / 5

Digital maturity in the real estate sector. It has been stagnating for years. *(Transform to Succeed 2025, Aschaffenburg University of Applied Sciences and Drees & Sommer)*

7%

More than a fifth of these companies’ turnover is invested in digitalisation.
In 2022, the figure was still 19 per cent.

35%

consider the level of digital expertise within their organisation to be sufficient. A fall of 10 percentage points compared with the previous year.

93%

Industry players anticipate price premiums for sustainable buildings – despite the lack of sufficient data to accurately determine these premiums.
(EY Real Estate)

"Accurate sustainability reports for real estate funds, designed for investors and regulators, based on ESG, financial and asset data updated to the day. This is what I want to achieve."

ANJA BERNHARD

Real Estate Portfolio Management

Anja specialises in decarbonisation strategies for fund portfolios, EU regulatory requirements and data-driven sustainability reporting for real estate portfolios.

My vision for 2030: the real estate portfolio manager's dashboard displays up-to-date sustainability, financial and asset data – reliably at the touch of a button and with the highest data quality. Every property is represented as a digital twin, with up-to-date energy consumption, carbon footprint, CRREM decarbonisation pathway, energy performance certificate, land-use zoning, refurbishment roadmap, and green Capex and Opex available across all real estate funds. After all, every property is different: the more granular the underlying data, the more precisely robust decarbonisation strategies and transition plans for the real estate portfolio can be developed.

Until a few years ago, the ESG sector was still a largely unregulated field, and new funds followed traditional investment strategies without a focus on sustainability. These days, we only launch Article 8 and Article 9 funds.

For the largest fund we manage, the current target is clear: a separate ESG roadmap is to be drawn up for each individual asset – almost 50. Tasks at this level of detail would have been unthinkable just a few years ago.

Data-driven sustainability reporting across our real estate portfolio, which we regularly provide to investors and regulators for all our funds, also benefits from a 'digital nervous system'. For example, a German pension fund provider must report under the CSRD. The pension fund provider's investments are not held in its own real estate portfolio, but in our real estate funds. It comes to us with questions it has to answer itself because its auditors are asking them. Although KGAL no longer falls within the direct scope of the CSRD, we are no longer required to report. We'll still deliver, though. And so we've come full circle: ESG is also a data issue, and we want to meet investors' requirements as effectively as possible.

“Applied to people, one would refer to this as self-efficacy. This term also applies surprisingly well to buildings.”

FELIX KÖßELE
Head of Real Estate Asset Management

Felix is responsible for a team of around 30 people.

The digital nervous system and the new data platform offer two major advantages: independence and transparency. Energy price fluctuations and geopolitical developments cannot be prevented, but they can be mitigated at the asset level. A property that generates, stores and intelligently sources some of its own energy is significantly less exposed to these external factors. It becomes more resilient – and more self-reliant.

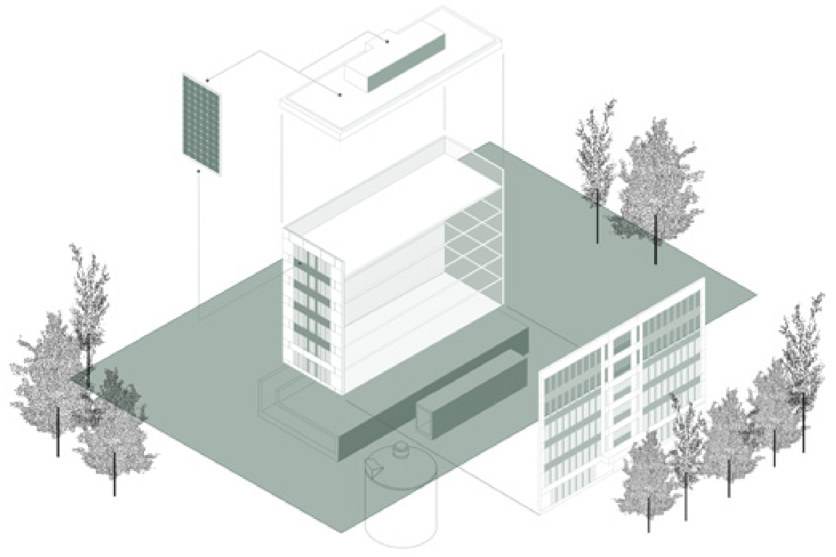
And this is where transparency comes into play: we need to understand how a building works – this is the only way to ensure robust and reliable data. A classic example is an objection to a service charge settlement: the tenant has this right – and, where the metering architecture is inadequate or lacks transparency, they not infrequently have the stronger case. The result is protracted discussions, legal disputes and rising costs for all parties involved. This is not an isolated case, but the lived reality of asset management – and it happens far more frequently than the ESG debate would suggest. This is precisely where a digital nervous system demonstrates its economic value: not primarily through reporting metrics, but by eliminating friction. Transparency builds trust. And when tenants feel they are being treated fairly, discussions around more complex topics such as solar panels, greening or certifications become much more constructive.

Our mandate remains unchanged: stabilising values, increasing values. The levers, however, have shifted, as have investors’ expectations. Effort is part of this remit, but not all effort is equally worthwhile. Accordingly, we take a nuanced approach to our discussions with investors: we discuss quick wins, necessary measures and options that may be worthwhile but are not essential. Not all ESG measures are economically viable in their own right. Nevertheless, they can be a decisive factor in the context of certification schemes, CRREM, and the quality of occupancy and use, and can thus contribute indirectly to value creation. When the case is compelling, investors are more willing to get involved – much more so today than just a few years ago.

PLATINUM Wiesbaden – built for a sustainable future

The Platinum is a climate-positive 'Energy Plus' building and generates more renewable energy via its photovoltaic systems than it consumes itself. Smart control and analysis systems continuously monitor and optimise building operations, make energy consumption transparent, and ensure that energy is used in line with demand.

Combined with an innovative ice energy storage system, this has resulted in a highly efficient energy concept that combines sustainability, cost-effectiveness and user comfort. The DGNB Platinum certification confirms the Platinum's ambition to serve as a model for the office property of the future.



KEY TAKEAWAYS

1

You can only manage what you can measure.

93 per cent of the industry expect green premiums – but there is no data to support them. The level of digital maturity is stagnating, and the willingness to invest is declining.

2

We make buildings speak.

Smart metering, EMS organised by building cluster, ESG platform for operational management. Don't wait until regulation makes it mandatory – instead, build the infrastructure that it requires.

3

There is no Green Premium. There is only Brown Discount.

The question of value centres on: It is not sustainable buildings that are becoming more expensive, but rather non-transparent ones that are becoming cheaper. Robust decarbonisation strategies are not merely a reporting detail, but an integral part of the investment strategy.

Real estate

AT KGAL

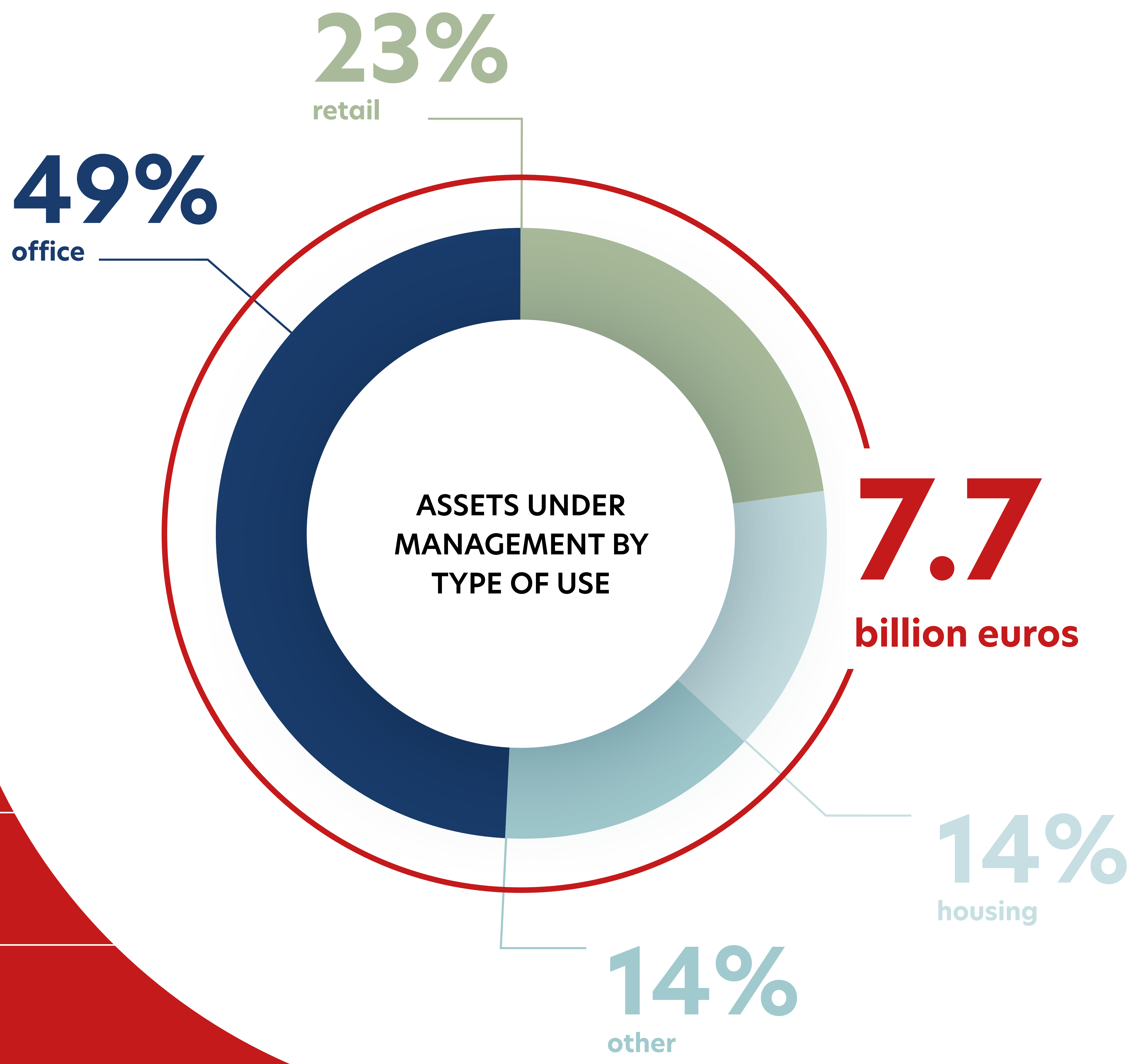
EUROPE-WIDE PORTFOLIO
KGAL's real estate transactions over the last **ten years**

A pin indicates a city where one or more real estate trans-actions have taken place within the last ten years.

OUR EXPERTISE

Number of structured and financed assets in individual or portfolio transactions	>1,000
Active mutual funds and private placements	13
Active institutional funds and club deals	16
Cumulative investment volume	EUR 23.8 billion

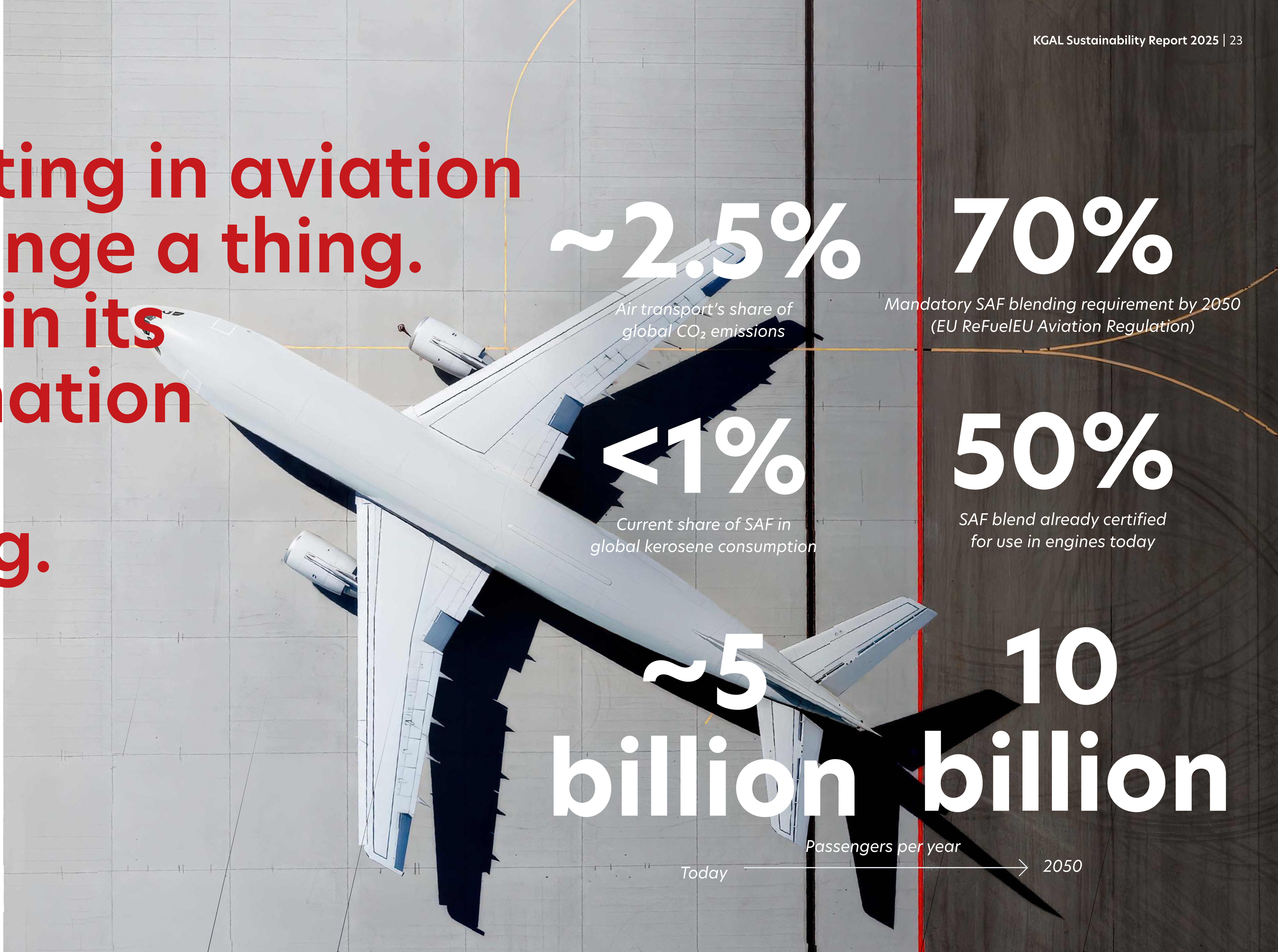
All figures as at Q2 2026

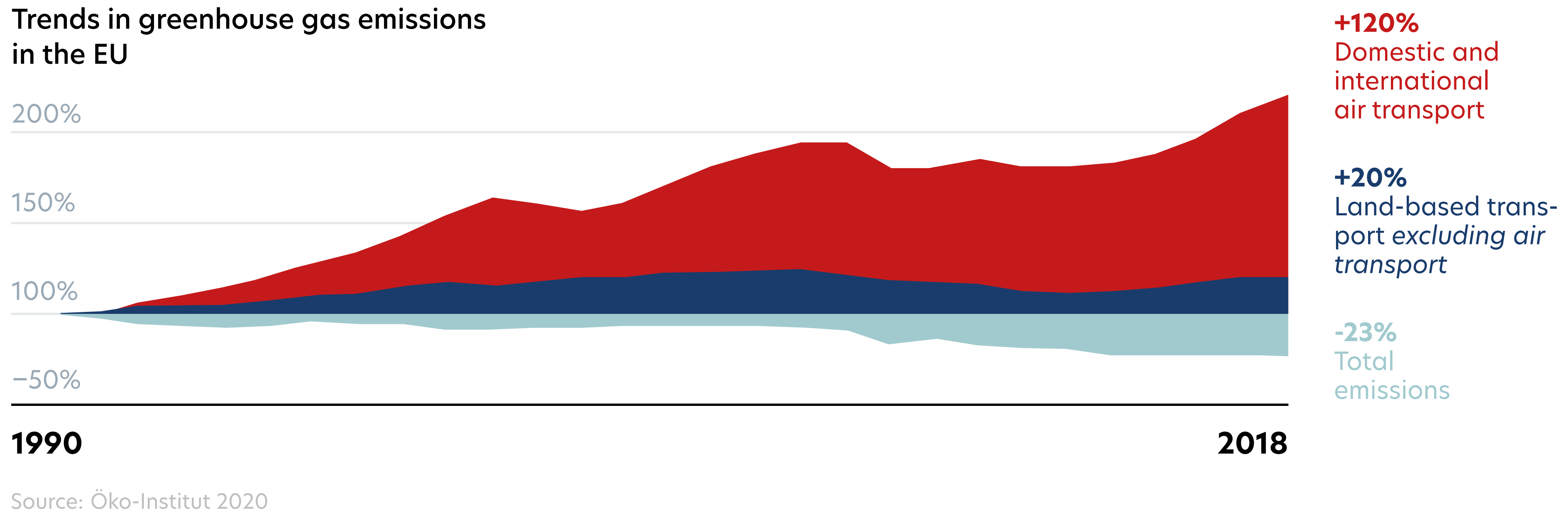


AVIATION

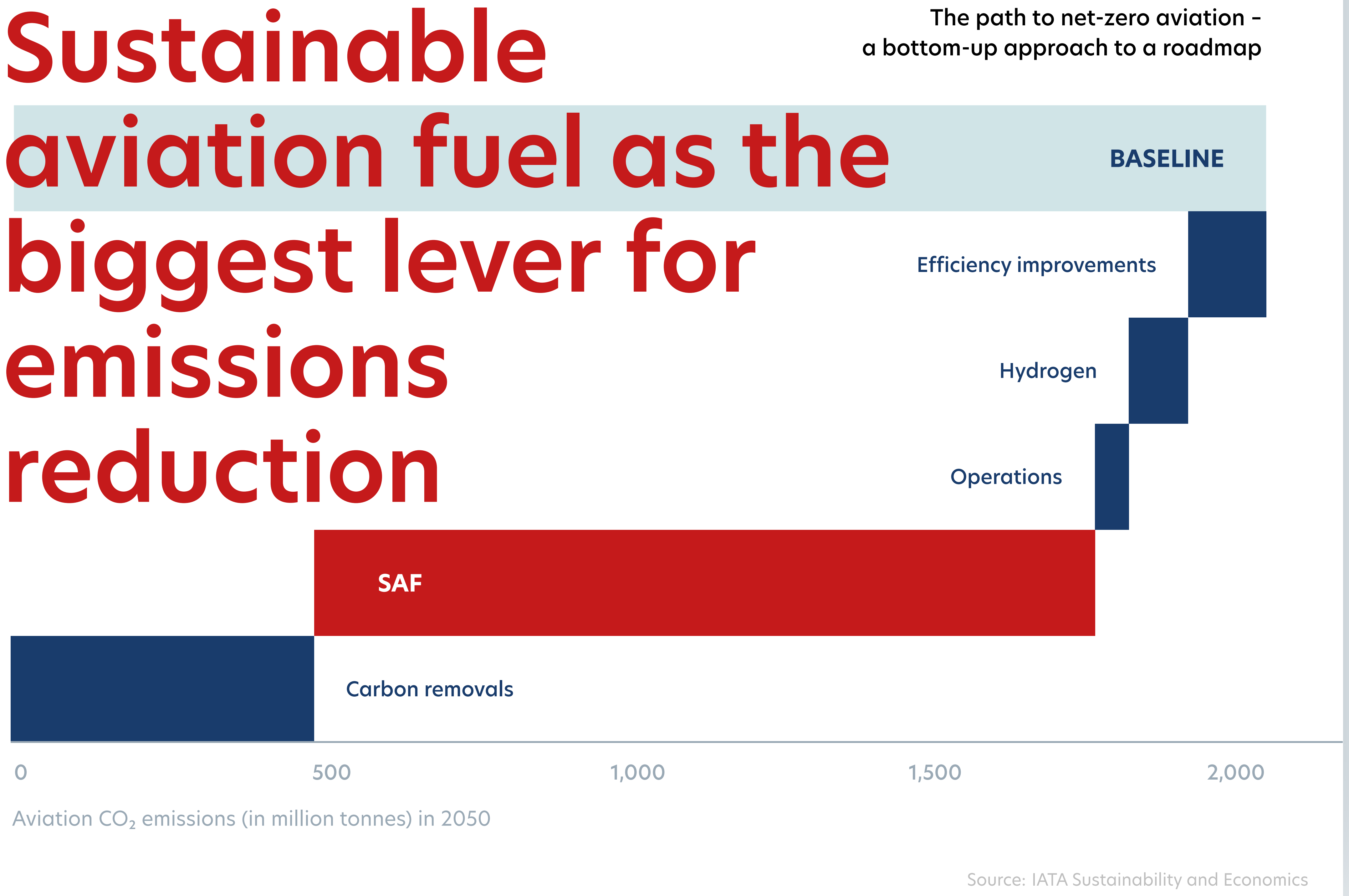
Not investing in aviation won’t change a thing. Investing in its transformation changes everything.

Aviation and sustainability – are they worlds apart? From here on, sustainable aviation fuels are set to breathe new life into the sustainability of air travel and the asset class. This is because the EU stipulates that the SAF blending rates must reach 70 per cent by 2050. Here are the key facts that investors need to know.





Sustainable aviation fuel as the biggest lever for emissions reduction



THE SMART WAY TO FLY

Aviation was long one of the hardest sectors to justify in a sustainable portfolio. Whilst the EU has reduced its total emissions by around 23 per cent since 1990, greenhouse gas emissions from European aviation have more than doubled over the same period. At cruising altitude, nitrogen oxides, soot and contrails also have an additional impact – estimates suggest that the actual climate impact of air travel is around twice as high as its CO_2 emissions alone would suggest. The issue was politically sensitive; the transformation of the sector seemed too slow to justify investment over a horizon of ten or fifteen years. Anyone who ruled out aviation was on the safe side. The comfortable side, too.

That calculation is now changing. Because there are now fuels that are reshaping the mathematics of the industry: sustainable aviation fuels, or SAF for short. Three letters that now determine the emissions profile of a flight, which manufacturers secure contracts – and whether aviation belongs in an ESG portfolio as an asset class or not.

It is the paradox of the years ahead. Anyone who removes aviation from their portfolio today will solve neither the climate problem – because flights will take place regardless – nor the investment problem – because they will be walking away from the market that SAF is building today. It is precisely because the aviation sector is under pressure from a climate perspective that it belongs in the portfolio. Now more than ever.

ABSTENTION IS NOT A GLOBAL STRATEGY

The world is flying more, not less. It's just happening somewhere else. In Europe and North America, air traffic is either stagnating or growing slowly; in Asia, Latin America and parts of Africa, it is rising significantly. The growth regions are those where mobility has traditionally been limited and where every decade of rising incomes unlocks new demand for travel. Anyone looking for a solution to aviation emissions is looking for one for an industry that is growing overall – not one that is in decline.

"We're having the discussion about flying here in Europe," says Giray Özay, KGAL's portfolio manager responsible for ESG. "People are increasingly flying elsewhere. In countries where a flight is not a luxury, but a vital link – to families, to markets, to medical care. In Fiji, for example, air travel is the only means of transport that is truly practical for many of the islands. Anyone who talks about making sacrifices in that context is overlooking what flying really means."

This raises an investment question, not a moral one. Today, around 5 billion people board a plane every year; industry forecasts predict that this figure will rise to around 10 billion by 2050. The real question is not whether people fly, but what fuel they fly on. This is exactly where SAF comes in: it does not reduce growth – it changes it.

70 per cent in 25 years.
The EU's regulatory SAF flight plan.

2025 **2%**
E-fuels –

2030 **6%**
E-fuels 1.2%

2035 **20%**
E-fuels 5%

2040 **34%**
E-fuels 10%

2045 **42%**
E-fuels 15%

2050 **70%**
E-fuels 35%

IT'S THE BLEND THAT MAKES THE DIFFERENCE

SAF is not new. The obligation to blend is. Since the start of 2025, an EU regulation with the rather prosaic name ReFuelEU Aviation has required all aviation fuel suppliers at European airports to meet mandatory targets for the proportion of sustainable kerosene. The pathway starts at two per cent this year and rises gradually to six per cent in 2030, twenty per cent in 2035 and seventy per cent in 2050. Anyone who fails to meet the quota will pay a penalty that is significantly higher than the additional costs incurred by SAF compared with conventional kerosene. This no longer determines whether SAF is used, but rather when and at what scale.

The penalty is the real driving force behind the market – not the climate, not politics, but a figure. It transforms a political declaration of intent into a predictable demand curve. An airline that enters into fuel supply contracts today cannot avoid the SAF component. Added to this is pressure from two further sources: the global offsetting scheme CORSIA, run by the International Civil Aviation Organisation (ICAO), which entered its mandatory phase in 2024, and the EU Emissions Trading Scheme, under which the allowances for aviation – which have so far been free of charge – will be phased out by 2026. Three regulatory levers pulling in the same direction – creating, for the first time, a committed off-take side and the foundation on which capital market investment depends: guaranteed long-term demand.

AROUND THE WORLD WITH SUNFLOWER OIL AND SUNLIGHT

There are still challenges on the production side – and not every type of SAF is equally sustainable. This umbrella term covers a wide variety of processes. The most widely used process today is called HEFA, which produces kerosene from used cooking oils and animal fats – a technically mature process that is already in use, dependent on limited feedstocks. Anyone who switches to palm or soya oil is competing with food production and risks rainforest deforestation; the environmental impact could then actually be worse than that of fossil kerosene. Power-to-liquid uses green electricity to convert water and CO_2 into synthetic kerosene – carbon-neutral across its lifecycle, commercially scalable today, but ultimately dependent on the availability of green electricity for further expansion (see box). Further down the line is solar-to-liquid technology, which uses concentrated sunlight directly for synthesis; the raw materials are sunlight, air and water, and pilot plants are located in Spain and Jülich.

Depending on the pathway taken, SAF reduces lifecycle emissions by up to eighty per cent compared with fossil kerosene; in combination with CO_2 capture, this figure could potentially be even higher in the future. SAF also burns more cleanly: less soot, fewer contrails, and a lower climate impact at altitude. In its Net-Zero Roadmap, the International Air Transport Association (IATA) has made it abundantly clear that sustainable aviation fuel (SAF) will make by far the biggest contribution to the sector's decarbonisation – not a silver bullet, but the backbone of the transition.

Power-to-liquid: the gold standard in the SAF market.

Green hydrogen is produced from wind and solar power through electrolysis. Using CO_2 – from the atmosphere, from biogenic sources or from industrial exhaust gases – it is converted into synthesis gas and processed into synthetic kerosene using the Fischer-Tropsch process. The product is chemically identical to fossil kerosene and can be used in any existing refuelling infrastructure and in any certified engine. Unlike HEFA, PtL has no raw material limit – only an electricity limit. Based on an efficiency of around 60 per cent, a study carried out for the European umbrella organisation Transport & Environment calculates that supplying half of the EU's transport sector with synthetic fuels would require around 2,700 terawatt-hours of renewable electricity – as much as the EU's total electricity consumption today. This is precisely the logic on which the EU's regulatory framework is based: ReFuelEU sets a separate sub-target for e-fuels – at least 1.2 per cent from 2030, rising to 35 per cent by 2050. In Germany, the Karlsruhe Institute of Technology and the company Sunfire, amongst others, are working on PtL plants on a pre-industrial scale; at the Heide refinery near Hamburg, industrial flue gases are to provide the CO_2 source. The bottleneck is no longer the process. The challenge now is how quickly green electricity becomes available – and how much capital is invested in the first commercial-scale plants.

NEW POTENTIAL FOR NEW CAPITAL

What these processes have in common is the bottleneck. SAF currently accounts for around half a per cent of global kerosene consumption. The 2030 regulatory target is therefore not far off on paper, but it is far from current production levels. Industry analyses predict that SAF production in Europe will need to increase roughly tenfold by then. There are too few facilities, combined with too little capacity and too little lead time.

For investors, the SAF market is divided into two very unequal halves. The downstream side – logistics, blending and distribution – is relatively well capitalised. This is where the established oil companies operate; margins are tight and competition is fierce. The upstream side – the actual production carried out in specialised refineries – is not. That is where the bottleneck arises, that is where the penalty turns into genuine competitive pressure, and that is where too little capital has been flowing so far.

KGAL is stepping in to fill this gap. Through an investment fund, KGAL is financing a SAF production plant in Denmark – a classic upstream component of the value chain. This is where the market is tight and where capital that arrives early has a disproportionately large impact later on. The translation into investment terms is straightforward: where demand driven by regulation meets a structural shortage of supply, a pricing dynamic emerges that becomes predictable over the long term for institutional investors. The SkyPower Initiative also supports the market for synthetic fuels (eSAF) by bringing together companies across the value chain.

SAF WORKS WELL WITH TODAY'S ENGINES.

An aeroplane can't tell where its kerosene comes from. SAF is what is known as a 'drop-in' fuel: it can be stored in the same refuelling infrastructure, pumped through the same fuel systems and burned in the same engines as conventional kerosene. There is no need for a new fleet, new fuel tankers or new pipelines. This is a property that carries significant value in energy conversion: the transformation does not depend on a propulsion technology that has yet to be invented.

"The engines of modern commercial aircraft are already certified for a SAF blend of up to fifty per cent," says Matthias Rabus, Head of Technical Asset Management at GOAL and responsible for KGAL's aviation fleet within the Technical Asset Management division. "We do not see any increase in maintenance costs, any increased wear and tear, or any additional complexity for the crews in our data. What is changing is the carbon footprint – and, in the foreseeable future, the proportion of flying powered by SAF."

Hydrogen-powered or electric aircraft may well play a role in decades' time. Batteries are too heavy for long-haul flights; hydrogen would require a completely new infrastructure – different aircraft, different tanks, different pipelines – with lead times of decades and investment running into the hundreds of billions. SAF is the solution – available right now, and in a form that is compatible with the existing infrastructure. What's missing isn't the technology, but the volume.

A320neo The aircraft that already knows SAF.

The workhorse of global short- and medium-haul aviation. Around 15 per cent lower fuel consumption than the previous model, with correspondingly lower CO_2 emissions, and significantly quieter. Deliveries began in 2016, and it has become one of the most frequently ordered aircraft worldwide. Approved for SAF blending up to the certified maximum limit without any adjustments. Within the KGAL portfolio, this aircraft represents the fleet that is already delivering the transition in practice.

AN ESTABLISHED ASSET CLASS FOR A NEW APPROACH

Aviation is not a new asset class. KGAL has been investing in aircraft since 1979, through three market cycles. "Our current portfolio – comprising around 60 aircraft, with a value in the low single-digit billions – has grown through these various market phases," says Kathrin Düker, who is responsible for the aviation fleet within KGAL's Commercial Asset Management division. "It is precisely this maturity and resilience of the asset class that laid the foundations for supporting the aviation sector's current transformation process in the long term." SAF is not the reason why aviation functions as an asset class. But it will determine which aircraft do in the future. Aircraft have been a staple of investment logic for decades: mobile real assets, a highly standardised global market, and cash flows from leasing contracts with financially sound airlines. What has changed is the question of which aircraft retain their value – and which investments can generate a return iunder different regulatory conditions.

SAF changes the economics – not for every aircraft, but for every older one. In the age of SAF, a modern, fuel-efficient fleet is a different kind of asset to an older one. Higher regulatory costs for emissions, penalty charges and increasingly divergent route economics all work in favour of newer, more efficient aircraft and against older fleets. Those with a modern aircraft such as the A320neo in their portfolio have an aircraft that will remain operationally competitive for the next ten to fifteen years. Those who retain an old portfolio with no prospect of renewal face a set of different challenges.

"Global aviation connects people, markets and economies around the world and is therefore a vital foundation for international mobility and economic integration," says Kathrin. "That is not our main argument in favour of an investment, but it is a relevant part of the long-term perspective. Capital invested in this sector over the long term supports more than just financial returns. It supports an infrastructure without which a significant proportion of global connections and economic exchanges would not function."

Capital invested in this transformation is changing an industry. Capital that stays away changes nothing. This is where aviation stands today: a fuel that is rewriting the maths; regulation that secures demand; technology that has long been in place; and an asset class with the experience to drive a transition. Now more than ever.

"Demand for SAF is no longer a matter of choice. Regulation drives it higher, year after year."

GIRAY ÖZAY

GIRAY ÖZAY
Aviation Portfolio Management

"Despite everything, demand for aviation will continue to grow steadily over the next few years. Given the lack of viable alternatives, giving it up is not an option – the question is not whether, but how it can become more efficient."

MATTHIAS RABUS
Technical Asset Management Aviation

"Six per cent SAF in five years – that sounds like a small figure. But it is the one that will determine whether the entire pipeline gets built."

KATHRIN DÜKER
Head of Aviation Asset Management

"In five years' time, aviation will feature in ESG portfolios where it is currently absent. Not because the industry will have changed, but because the way we see it will have changed."

"Not investing is not a sustainability strategy. It's an avoidance strategy."

THOMAS ENGELMANN

Head of Portfolio Management Energy Transition

As Head of Energy Transition at KGAL, Thomas is responsible for energy transition investments – spanning wind, solar, storage and synthetic fuels. His field of work therefore overlaps with the aviation sector at precisely the point that matters most: the production of sustainable fuel.

KEY TAKEAWAYS

1

No aeroplane gets any cleaner by staying on the ground.

SAF is the key driver of decarbonisation.
The technology works in the existing fleet; the CO_2 reductions of up to eighty per cent, depending on the pathway.
The question is not whether SAF is coming, but on what scale and when.

2

The flight plan is set. It is not a matter of choice – it is the law.

ReFuelEU sets mandatory SAF blending rates ranging from two per cent (2025) to seventy per cent (2050); CORSIA and the EU Emissions Trading Scheme are following suit. Demand is guaranteed by regulation – supply must follow.

3

Divestment is not a climate strategy.

Those who remove aviation from their portfolio are avoiding the debate, not the emissions. Capital invested in the transformation changes an industry. Capital that does not flow changes nothing.

Aviation
AT KGAL

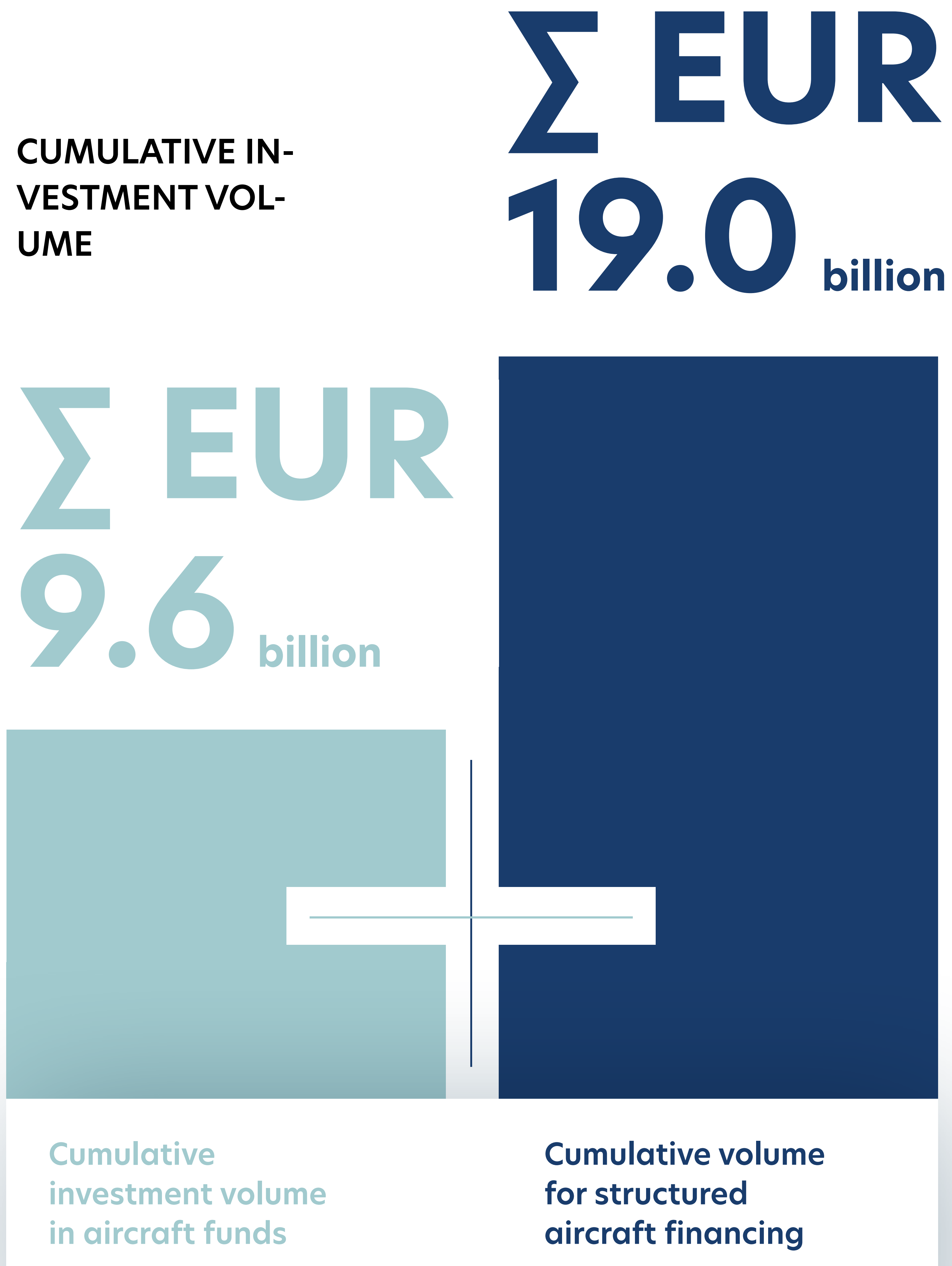
>40 years of experience
+ in-house team for aircraft financing and management
= bespoke
Investment solutions

OUR EXPERTISE

Joint ventures with Deutsche Lufthansa	2	Number of institutional funds and club deals	15
GOAL's position amongst global aircraft asset managers[1]	Top 15	Number of institutional single accounts for US investors	3
Number of aircraft transactions	>950	Airlines	41

All figures as at Q2/2026 | [1] ISHKA Q4/2025 Asset Managers Report

CUMULATIVE INVESTMENT VOLUME



Ready for more change?

An employee who, over 28 years with the company, has pursued four different careers within the same organisation – how is that possible? At KGAL, change is by design. Because when our ambitions, interests or circumstances change, so does our career. In the past, thanks to openness; today, thanks to EVOlution, KGAL's employee development programme. Highly attractive to both long-serving and new employees.

A CHANGE IN CAREER. STABILITY IN LIFE. EVERYTHING UNDER ONE ROOF.

Eleven years. That is the average length of time an employee stays at KGAL – an unusually high figure for a Munich-based financial institution. Dorit Verbesek has actually been with the company since 1998. When she talks about what she's been up to during that time, it sounds like four different CVs: aviation, private equity, real estate – and she now heads up the Digital Fund Solutions team in IT.

"Because I could change if I wanted to," says Dorit, when asked why she has remained with KGAL. In a sense, her story is a blueprint – for the new EVOlution programme for the individual development of staff. What emerged for Dorit from the different stages of her life, chance encounters and a familiar environment is no longer an isolated case, but part of a deliberate approach.

She started out as a business mathematician in aviation. A world of leasing contracts and long journeys, in which she remained for almost a decade. Then her first child was born – and with that the question of how everything would fit together. The answer came from the office: a vacancy opened up in private equity with people she already knew. "I followed the people into a completely different field," she says. With the second child, the pattern repeated itself, this time with a move into real estate. And when the children were older and she felt she was ready for something new again, she changed careers once more – returning to what she had originally studied: IT. Four different fields, one employer. Dorit Verbesek is not an isolated case – just a particularly vivid example. Change used to be part of KGAL's culture. Today, it is a programme.

EVOLUTION. E for evolving V for value and remuneration O for orientation

and L for long-term job satisfaction

The programme is called EVOlution. It was developed by Claudia Remmers, who has been Head of HR at KGAL for the past three years, in collaboration with a cross-departmental project team and the Management Board. The idea behind it is logical: if the company wants to retain its staff in the long term, it must offer them scope to grow- and this must be planned and transparent, not haphazard.

Before Claudia joined KGAL, she worked for a group employing 90,000 people. Programmes like these are the norm there - the scale makes them possible. With around 400 staff members, however, they are a rarity. “For a company of our size, this is remarkable, as programmes of this kind involve a considerable amount of effort and can only succeed if the management is fully committed to them. That was the case at KGAL.”

EVOlution is built on transparency. At its core is a role architecture in which each position is assigned a value level - not a hierarchy. “A role at the third level can be more complex than one that reports directly to the Management Board,” explains Claudia. Grading assesses what a role actually contributes, not where it sits in the organisational chart.

Linked to this are pay bands, which are fully disclosed up to a certain level. Everyone in the organisation can see where their pay falls within its pay band and what the next career steps would mean for it.

The competency model behind it focuses less on technical requirements - these are already covered in the role descriptions - and more on mindset: entrepreneurial thinking, a willingness to take responsibility, and a commitment to embracing digitalisation. Half-yearly reviews, which will take place for the first time in this format in the summer of 2026, are intended to embed the model in practice.

Perhaps the most crucial detail: KGAL has opened two parallel career paths. One for leadership, one for specialist expertise. Only at the highest level are there no longer any purely specialist roles - everything below that is open to both career paths. “Even if you don’t want to lead, you can still grow,” says Claudia. That’s more than just an HR detail. It is a commitment to the idea that not everyone wants to - or needs to - follow the same path to progression.

DEVELOPMENT.
A role architecture, with roles assigned to grades according to their value - not their place in the hierarchy. Leadership and specialist career paths running in parallel. Half-yearly reviews to assess where employees stand.

REMUNERATION.
Pay bands are disclosed transparently up to a certain level. Pay progression is linked to an employee’s position within the pay band and individual performance. The rules of the game are communicated openly.

ORIENTATION.
Role descriptions are available company-wide. A competency model covering non-technical requirements such as entrepreneurial thinking and a willingness to take responsibility.
The principle: take charge of your career - supported by your manager and HR.

404
employees

11 years
Average length of service at KGAL

3 asset classes
Aviation, Real Estate, Sustainable Infrastructure

2 parallel careers
Leadership and specialist expertise – both career paths open, both taken seriously

WE SAY YES TO PEOPLE. DOES THAT SOUND DELIBERATE? IT IS. WE DON'T HAVE TO. WE WANT TO.

A system doesn't keep people. It can open up new opportunities, reveal possibilities and create transparency – but whether someone stays depends on something else. It all comes down to whether the people you work with support one another. Whether there is a shared mindset that goes beyond day-to-day business. At KGAL, there's a saying for this, which is printed on a cube that every new employee receives during onboarding. The cube has six sides – communication, trust, responsibility, client focus, innovation and teamwork. Under the heading 'Trust' is the sentence that Claudia Remmers describes as key: We say yes to people.

"We assume that everyone wants to make a positive contribution. That everyone has good intentions and tries to do their best," says Claudia. That is the mindset with which people approach discussions – even difficult ones, even those involving conflict. It doesn't mean that you agree with everyone or condone every piece of nonsense. It means starting from a different place instead of one of mistrust.

The fact that this approach is not arbitrary is evident from the investments made, which are not a given in companies of this size. An emergency coaching programme that employees can access anonymously during times of personal crisis. Claudia speaks openly about having used it herself following her mother's death. A company pension scheme with its own pension plan and employer contributions. Sabbaticals. A Wellpass programme used by more than half of the people in the company. From July 2026, a company-sponsored supplementary health insurance scheme. Bettina Fosnaric, who is in charge of recruitment, sums up the purpose of these schemes in a sentence that could scarcely be more matter-of-fact: "Nobody really joins us for the benefits. They're just an add-on. But people stay because they don't want to give them up."

“Big enough for exciting projects and stability, but not so big that you become just another cog in the machine.”

BETTINA FOSNARIC

Of course, anyone applying to KGAL today won’t see all of this straight away. Bettina Fosnaric, who has been in charge of recruitment for three and a half years, has been observing what candidates actually ask during job interviews. The answer has changed significantly over this period.

“One question that comes up again and again,” she says, is: Can I have a say? How quickly does an idea turn into a project?” Career paths and development opportunities follow close behind. This is precisely where EVOlution makes a difference – not as a promise, but as a system you can actually see. Bettina describes what makes KGAL an attractive employer using a phrase that avoids marketing jargon: “Big enough for exciting projects and stability, but not so big that you become just another cog in the machine.”

Then there is the industry aspect. What KGAL does – aviation, real estate and renewable energy – is tangible. “We’ve all worked in an office building at some point, sat on a plane, and perhaps seen solar panels on a roof,” says Dorit Verbesek. Something that feels almost self-evident, yet is rare in the financial sector, which is more commonly associated with artificial products and abstract constructions. At KGAL, it’s all about things you can touch. It attracts people who want to shape something real – and gives them the opportunity to do so.

DORIT VERBESEK

Head of Digital Fund Solutions

With her career path spanning aviation, private equity, real estate and IT since 1998, Dorit is a prime example of what the EVOlution programme now offers as a structured approach: four specialist fields within a single organisation.

CLAUDIA REMMERS

Head of Human Resources

Claudia developed the EVOlution programme and explains its role architecture, based on value-based role grading, transparent pay bands and parallel leadership and specialist career paths – underpinned by the principle “We say yes to people.”

BETTINA FOSNARIC

Human Resources

Drawing on her experience in recruitment, Bettina has observed that applicants today are primarily looking for scope to shape things, and she sums up KGAL’s appeal as follows: big enough for exciting projects and stability, but not so big that you become just another cog in the machine.

KEY TAKEAWAYS

1

Many life stories under one roof.

If you want to make a personal change, you don't have to move to a different company. At KGAL, your career can evolve as your ambitions, interests or life circumstances change. What Dorit Verbesek built over 28 years through her own initiative has now become a programme known as EVOlution: development that can be planned, rather than left to chance.

2

Choosing to is stronger than having to.

A programme opens up opportunities – but whether someone stays depends on the mindset behind it. At KGAL, "We say yes to people" is not just an onboarding slogan, but a deliberate belief that everyone wants to make a positive contribution. You can see it not in words, but from what the company actually does for its people.

3

Assets you can touch.

An office building, an aeroplane, solar panels on the roof – the assets managed by KGAL are tangible, not abstract financial products. This attracts people who want to create something tangible. And ultimately, it is people who create these values: Between money and investment are the people who make it happen.

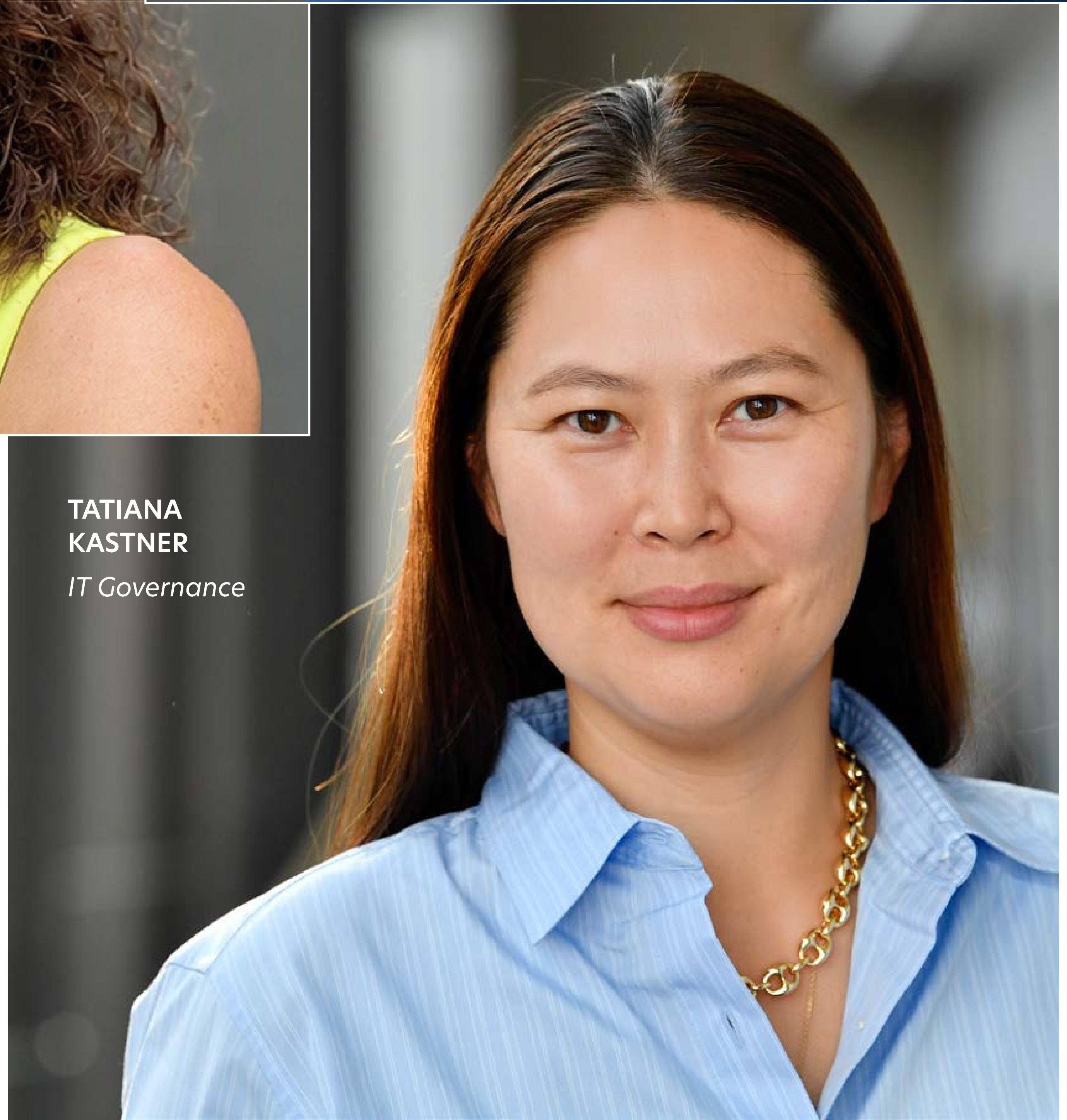
The art of compliance.

Resilience by design.

Compliance as an art? Far from it. Think of it more as the architecture for successful investments. It distributes burdens, takes risks into account, and recognises and integrates changes. Three architects from our Compliance team explain how KGAL builds this architecture, how it supports investments – and why the effort pays off in the medium term.

SANDRA MAUERER
Chief Compliance Officer

PEGGY SEEBERGER
IT Governance



TATIANA KASTNER
IT Governance

Ms Mauerer, DORA became the subject of public debate when it started to take shape. Within KGAL, however, it was already being treated as a project. How soon do you see this kind of regulation emerging?

SANDRA MAUERER We have a process for that. We call it regulatory monitoring. Anything that appears on the horizon goes through a relevance assessment. The question is always the same: does this law apply to us or not? There's a great deal coming up in the regulatory landscape, so you need to filter through it all. With DORA, it was clear from the outset that it would have a major impact on us. You read the regulations, see the impact on processes and governance and hear what's happening in the market – through trade associations and in discussions. Then everything starts to come together very quickly.

And when something major comes up, do you take it to the Management Board?

SANDRA MAUERER Exactly. Then people say: Dear Management, this is where we need capacity; this is where we need a dedicated project, a top priority. Essentially, it's an early-warning system. We neither want to be the first to have to invent everything ourselves, nor the last to have to catch up.

Ms Seeberger, investors are asking about DORA – but they rarely ask for an explanation. What are they actually relying on?

PEGGY SEEBERGER The whole system. We undergo regular audits; the investors know that. There's BaFin, there are external auditors and there is a reporting framework where everything comes together. Anyone investing in this environment builds their confidence on this system, not on any single measure. The question 'Do you actually do that?' does come up. The answer is yes, and that is enough.

SANDRA MAUERER Trust starts with onboarding. When an investor takes a closer look at KGAL, they are quite rightly asking a lot of questions; after all, it is their investment that is at stake. They come in and examine everything. An intensive process. Everything that follows is based on this. During day-to-day operations, investors ask the occasional question – but they know: we are not operating in a vacuum.

KGAL IM is a regulated asset management company. When implementing DORA, do you take your cue from other market participants, or what do you measure the quality of your implementation against?

TATIANA KASTNER For us, the relevant benchmark is less a comparison with other institutions than the depth of our implementation of regulatory requirements – so that they function reliably in day-to-day operations and are transparent and robust for investors. In doing so, we deliberately align ourselves with standards from more heavily regulated environments – particularly in the areas of governance, risk management and IT governance. What matters is not how other organisations are structured in formal terms, but that we implement requirements pragmatically while maintaining a professional standard using a standardised tool.

PEGGY SEEBERGER And the tool itself is the key lever. I can't say whether other firms still use Excel or have switched to professional software – nobody makes that public. But it is possible to explain what a shared tool delivers.

What does it do?

PEGGY SEEBERGER It consolidates the data. Risk management, outsourcing management, IT governance, compliance, data protection – all these disciplines work with the same information, but from different perspectives. If everyone maintained their own Excel spreadsheet, it would lead to data silos and, ultimately, contradictory

DORA at KGAL

The EU Regulation on Digital Operational Resilience (Digital Operational Resilience Act) has been in force since January 2025. It requires financial firms to adopt a uniform framework for IT security, risk management, the management of third-party ICT providers and the reporting on serious incidents.

PROGRESS OF IMPLEMENTATION WITHIN THE COMPANY

DORA Guidelines 2025 adopted by the Management Board

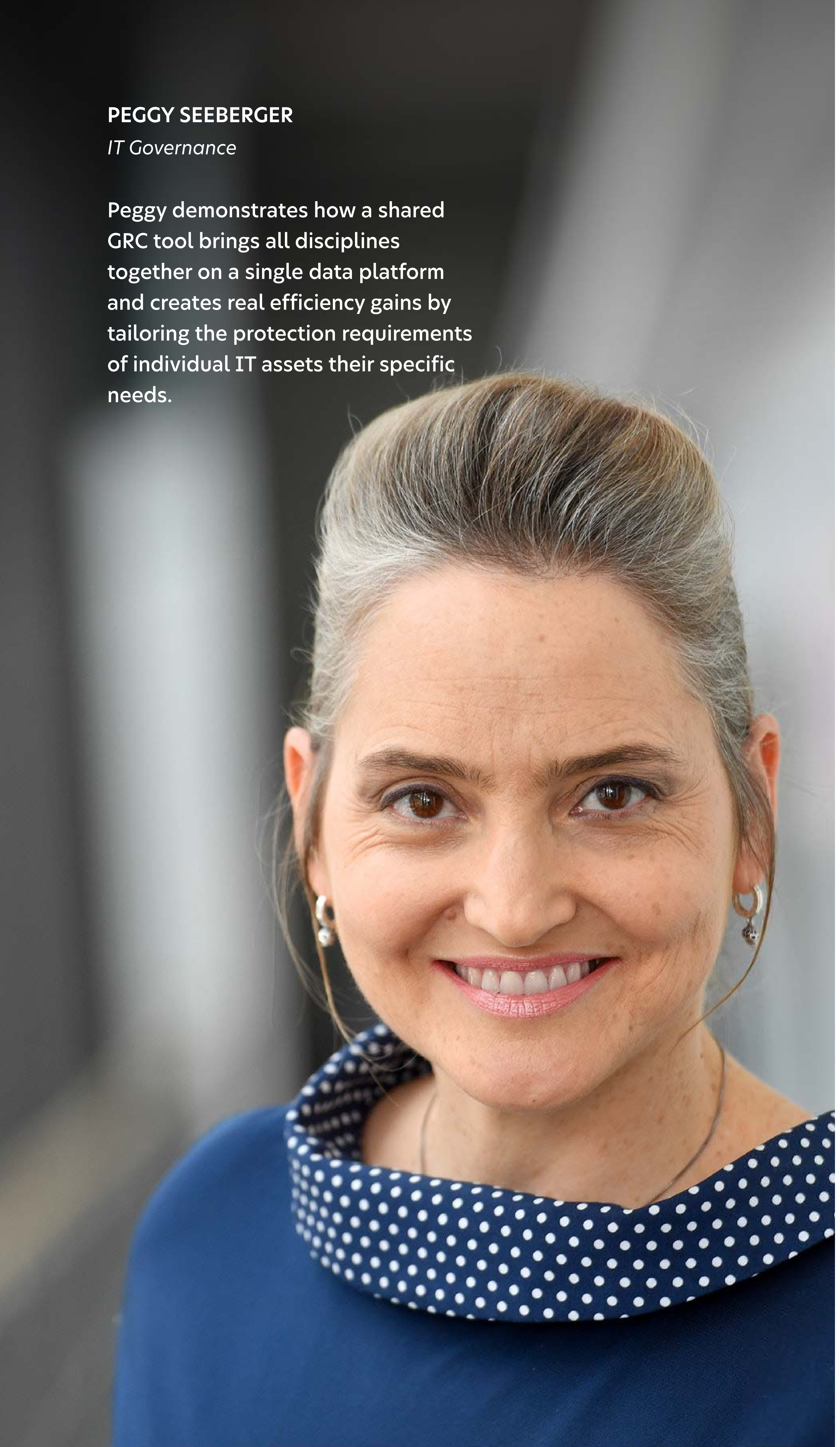
2026: operationalisation – embedding the processes within the business units and documentating the implementation status

Use of standard software (GRC tool) that centrally consolidates IT governance, risk management, compliance, data protection and outsourcing management on a single shared data platform

Tool providers work in close consultation with BaFin – features are designed to meet regulatory requirements before development begins

The role of the Chief Information Security Officer (CISO) is organisationally embedded within the Compliance department and also fulfils the DORA ICT risk control function. In this way, ICT risk management is managed, monitored and further developed across the company – independently and consistently, as part of the second line of defence.

Compliance is responsible for the governance, coordination and monitoring of DORA requirements. The business units,together with IT Governance, are jointly responsible for operational implementation (operationalisation).



PEGGY SEEBERGER
IT Governance

Peggy demonstrates how a shared GRC tool brings all disciplines together on a single data platform and creates real efficiency gains by tailoring the protection requirements of individual IT assets their specific needs.

information. Using this tool, everyone accesses the same pool. When I turn one screw, I can immediately see where it has an affect across this information network.

There is a second point relating to the tool: its close ties to BaFin. What does that mean in practice?

PEGGY SEEBERGER The provider behind our tool works very closely with BaFin. When features are being developed, they are discussed with the supervisory body beforehand. That doesn't mean we've automatically sorted everything out for DORA. However, the tool provides the structure, standard workflows and functionalities needed to implement regulatory requirements reliably and in compliance with the rules.

SANDRA MAUERER Resilience by Design – if one were to sum it up in a single phrase. Not a single protective mechanism, but an architecture that makes the system is robust.

We have therefore reached the point where compliance is no longer just about meeting requirements. Where does it become a lever?

SANDRA MAUERER It happens when people understand that compliance is what makes the business possible in the first place. We do not prevent. We make it possible. Sometimes we're seen as a stumbling block – but in reality, we keep the business moving forward in the long term. At first, it costs money. An investment. The return is resilience. Stable processes. Secure data. The trust of clients. And yes, ultimately lower costs too, because you know where money needs to be spent – and where it doesn't.

Ms Kastner, you're currently in the middle of the operationalisation phase. Is this the moment when duty turns into impact?

TATIANA KASTNER Exactly. Adopting the guidelines is the first, tangible step. But the impact is felt in the operationalisation – when the policies are brought to life through processes and become part of day-to-day operations. It determines whether compliance can actually become a business enabler or whether it merely produces documents for filing. Only once this step has been carried out properly does a duty become an operational lever.

Shared architecture – five functions at KGAL work on a single platform.

Risk
Compliance
IT Governance
Data Protection
Outsourcing

SHARED DATA PLATFORM

Ms Seeberger, earlier you linked efficiency to the level of protection required. How does compliance save money in practice?

PEGGY SEEBERGER If I know exactly how much protection a particular IT asset requires, I can tailor the measures accordingly. For one asset, I might do less because any level of damage would be acceptable. For another, I might invest more because there really is something worth protecting there. Anyone who is unable to make those distinctions must raise everything to a high minimum standard – just to be on the safe side. That costs a great deal of money and energy on measures that don't require that level of effort. With the underlying structure in place, we can be more precise. That is where the real efficiency gain lies.

SANDRA MAUERER For me, one word sums it all up: balance. The right timing, the right depth, the right level of protection, the right systems, the right processes, the right people. If you strike a balance between these six points, you'll get faster too. Decisions become better. And it is always in the client's best interests as well: if our internal costs are too high, this will be reflected in the return.

What holds it all together – beyond tools, processes and documentation?

SANDRA MAUERER Culture. We have a management team that's fully behind us. There is a Compliance Focus Group with the involvement of the Management Board. We meet regularly, exchange ideas and work through the questions: What is essential, what is good for us, and what are our priorities? Every new employee receives foundational training. Completion of mandatory training is tracked. No one can avoid this issue. None of this is a given.

PEGGY SEEBERGER The same applies to operationalisation. I often sit right next to the business teams and help draft the documents. Not just theoretical knowledge, but hands-on involvement. Otherwise, compliance never becomes embedded in day-to-day practice.

Ms Kastner, with the DORA implementation, you are now at precisely this stage – after the guidelines have been issued, but before routine operations begin. What characterises it?

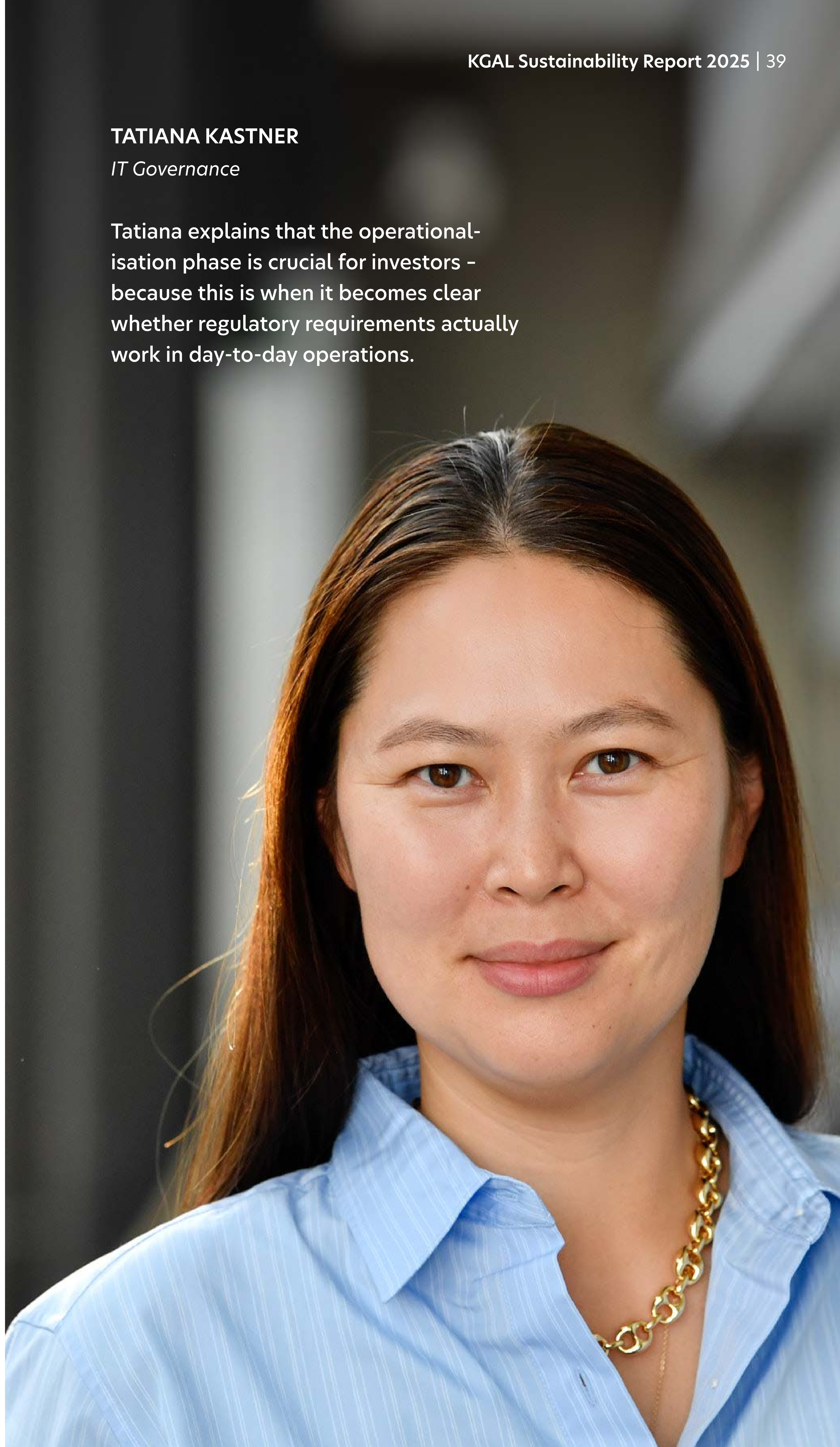
TATIANA KASTNER This year is all about embedding these processes – bringing the policies to life within the business units and documenting exactly where we stand. It is a phase that is less visible than the first step, but crucial to whether the regulatory framework works in practice. We'll clarify who is responsible for what. We align our processes end to end. We ensure that implementation is fully traceable. And we're taking a close look at where we stand – and where we need to go next. Only at this level of implementation does a rulebook become a tool that truly works in day-to-day business.

Ms Mauerer, the next big package is already on the horizon. AML – the EU's anti-money laundering regulations. What does that mean?

SANDRA MAUERER We have been carrying out the impact analysis for the past six months. We think in terms of systems; we set up projects with the right people. The pattern repeats itself: recognise, categorise, prioritise, implement. Compliance is never something that is simply finished. Investors benefit in the long term from an architecture that supports every new regulations and grows alongside it.

TATIANA KASTNER
IT Governance

Tatiana explains that the operationalisation phase is crucial for investors – because this is when it becomes clear whether regulatory requirements actually work in day-to-day operations.



SANDRA MAUERER

Chief Compliance Officer

Sandra explains how KGAL turns a regulatory obligation into a strategic lever – using regulatory monitoring as an early-warning system, 'Resilience by Design' and a compliance culture championed by the Management Board.

KEY TAKEAWAYS

1

You can build on the architecture.

A connected architecture is more than the sum of its individual security measures. At KGAL, five functions – Risk, Compliance, IT Governance, Data Protection and Outsourcing – share a single data platform. The tool is designed to meet supervisory requirements. Investors do not need to work through the details for themselves – they can rely on the architecture to do its job.

2

Load-bearing capacity is an investment – one that pays off.

Resilient structures require time, money and effort at the outset. The benefit for investors becomes apparent in day-to-day operations: stable processes, secure data and resources directed where they are needed. Compliance is not just a mandatory exercise, but what keeps an investment resilient over the years.

3

Tailored protection – good for returns.

Anyone who fails to distinguish what is genuinely worth protecting will, just to be on the safe side, secure everything to the highest standard – spend money on measures that are not needed. Only a precise understanding of protection requirements allows for precise action: less here, more there. This can help to avoid unnecessary costs and indirectly benefit investors.

Report section

Sustainability information

Report section

1 *General information*

Company information

KGAL GmbH & Co. KG ('KGAL' or 'the company') is a leading independent asset and investment manager based in Grünwald near Munich, Germany. The company was founded in 1968 and, as at the reporting date has assets under management of around EUR 15 billion across the asset classes **Real Estate**, **Infrastructure** and **Aircraft**. KGAL serves institutional and private investors across Europe, with a particular focus on sustainable investments.

The company's legal form is a GmbH & Co. KG under German law. The company is subject to the regulations of the German financial supervisory authority and relevant EU regulations, including the Sustainable Finance Disclosure Regulation (SFDR) and, in part, the EU Taxonomy Regulation.

Reporting framework

This sustainability report has been prepared with reference to the **Corporate Sustainability Reporting Directive (CSRD)** and the delegated acts of the **European Sustainability Reporting Standards (ESRS)**. KGAL is publishing this CSRD-aligned report on a voluntary basis.

Reporting period
This report covers the financial year from **1 January 2025 to 31 December 2025**. The report was prepared on the basis of the reference date **31 December 2025**, unless otherwise stated.

Reporting cycle
KGAL reports on sustainability matters annually. This report is the first CSRD-aligned sustainability report. Previously, sustainability information was published as part of voluntary ESG disclosures, in particular in the DNK and SFDR formats and as part of UN PRI reporting.

Reporting unit
This report covers KGAL GmbH & Co. KG as a whole, as well as its consolidated subsidiaries, insofar as these are material in terms of sustainability impacts and sustainability-related data.

Currency information
All financial information is stated in **euros (EUR)**, unless otherwise stated.

Governance structure and processes

Responsibility for sustainability lies at the highest level with the **Management Board of KGAL GmbH & Co. KG**, supported by the **ESG Office**, which reports directly to the Management Board.

The ESG Office coordinates the implementation of the overarching sustainability strategy. The Management Board is regularly briefed on sustainability targets, risks and performance.

All cross-cutting issues are also addressed by the company's internal **ESG Executive Committee**, which comprises members of the Management Board and the Head of the ESG Office.

KGAL's **ESG strategy** is aligned with the UN Sustainable Development Goals (SDGs) and is embedded in the company's internal strategy. The assessment of overarching opportunities and risks is carried out by the **risk management system** and by the operational risk management teams within the respective business units, such as the individual asset classes.

Materiality

In 2024 and 2025, KGAL carried out a **double materiality assessment** , in which both the **impact of the company on the environment and society** ('impact materiality') and the **financial implication of sustainability matters on business operations** ('financial materiality') were assessed. The methodology is based on EFRAG's guidelines and established international standards. The results of the materiality assessment form the basis for the selection of material sustainability matters in this report.

Stakeholder engagement

Stakeholders were systematically involved in the materiality assessment and the development of the ESG strategy. The groups directly and indirectly involved include, amongst others:

- Investors
- Shareholders
- Business partners
- Employees
- Regulatory authorities
- Civil society organisations

General principles for the preparation of the sustainability statement

This sustainability report describes the key aspects of KGAL's environmental, social and governance responsibilities.

The objective of this document is to provide a clear overview of the methodology, scope and underlying assumptions of sustainability reporting. This includes, in particular:

- the level of consolidation at which reporting takes place,
- the involvement of relevant stakeholders across the upstream and downstream value chain,
- the application of any discretionary provisions with regard to confidential or business-critical information.

Consolidated group
KGAL assumes that non-financial reporting generally follows the same structure as financial reporting. As KGAL's core business activities are centred on the three asset classes of Real Estate, Aviation and Sustainable Infrastructure, as well as their upstream and downstream value chains, this is where the majority of its environmental and social impacts arise. Accordingly, the focus of the reporting is also on this area and on KGAL's overarching service activities.

Following this logic, joint ventures – such as GOAL – and fund products within the asset classes are included in KGAL's reporting, even though KGAL has no ownership interest in them. Instead, KGAL creates value for the investors through the management of these assets.

At present, the following companies are excluded from the reporting: AL Konzept, ALCAS, Trigal, Lufthansa Leasing and the SPV Management division. This is because these companies are either not material in terms of size, have no significant ESG impact, or are in the process of being wound up. At this stage, collecting data from these entities would also not be economically efficient. Equity interests (e.g. in special-purpose vehicles) are also excluded. Upon review, these entities do not engage in any business activities as defined by the NACE exclusion (2014/746/EU AK C(2014) 7809), do not have any employees of their own, and are located in regions with a score above 40 on the Corruption Perceptions Index.

Coverage of the upstream and downstream value chain
In addition to the impacts, opportunities and risks associated with the company's own operations, the statement also takes into account material information from across the upstream and downstream value chain, insofar as this is relevant to the impacts, risks and opportunities in accordance with the principle of double materiality.

Exemptions, options or other special provisions

Time horizons
KGAL applies the following time horizons for the purposes of sustainability reporting. The following definitions were also used as the basis for the materiality assessment, the risk and opportunity assessment and the planning of targets and measures:

- **Short-term**: Up to 1 year
- **Medium term**: More than 1 year up to and including 5 years
- **Long-term**: More than 5 years

These time horizons have been applied consistently throughout the statement, unless otherwise stated.

Estimates relating to the value chain
Some of the quantitative figures in this sustainability report, particularly those relating to the upstream and/or downstream value chain, are based on approximate figures and estimates. These were used when direct primary data from areas not under contractual control (e.g. from subcontractors) was not fully available.

For details of the methods and estimates, please refer to the relevant thematic chapters and the information set out therein.

Note on forward-looking information
KGAL points out that all forward-looking information contained in this sustainability report – in particular information relating to strategic ESG objectives, expected developments, the impact of investments or climate risks – is subject to an inherent degree of uncertainty.

It is based on currently available data, assumptions valid at the time of reporting, and the current operating environment. Future developments – such as changes to regulatory requirements, market dynamics or the availability of ESG data – may lead to deviations from the statements made.

Errors in reporting for previous reporting periods
This reporting period marks KGAL's first sustainability statement prepared with reference to the ESRS. Accordingly, there are no corrections to material errors from previous reporting periods.

It should be noted, however, that there may be differences between this report and sustainability reports from previous years, as, for example, different calculation methods (in particular the presentation of PCAF data) have been used.

Application of the provisions on phased-in disclosure requirements

During the reporting year, KGAL made use exclusively of a phase-in option relating to biodiversity and ecosystems (ESRS E4). For all other matters, no phase-in options apply.

Due to the application of the phase-in provision, disclosures with reference to ESRS E4 (in particular detailed, location- and impact-based disclosures, as well as selected metrics) have not yet been reported for the reporting year. KGAL is gradually expanding the data infrastructure and processes required for this.

Results of the materiality assessment (biodiversity and ecosystems)
KGAL has assessed the impacts, risks and opportunities relating to biodiversity and ecosystems as part of its double materiality assessment and has classified them as material.

Incorporation into the business model and strategy
As a real-asset investment and asset manager, KGAL is connected to biodiversity and ecosystem issues through its investment and asset management activities, particularly where investments involve land use, site development, construction, operational activities, or interventions in nature and the landscape (e.g. real estate, infrastructure projects).

KGAL takes these interrelationships into account in its strategy and business model by incorporating biodiversity considerations into ESG integration throughout the investment process (origination, due diligence, decision-making and ongoing asset management) in order to avoid or reduce potential negative impacts and – where possible – to realise on biodiversity-related opportunities (e.g. nature-friendly site design and land enhancement).

Objectives, progress and scientific basis
During the reporting year, KGAL did not set any group-wide, time-bound, measurable biodiversity targets within the meaning of ESRS E4. The focus was on building the methodological foundations (e.g. defining appropriate keys, establishing data requirements and responsibilities).

Once biodiversity targets have been defined, KGAL intends to ensure that they are scientifically robust (ecologically sound and context-specific).

Policies
KGAL addresses biodiversity and ecosystem issues through its existing ESG and sustainability framework, as well as through investment- and asset-related policies (e.g. ESG requirements in due diligence, requirements for operators/partners and compliance with relevant planning permission and environmental regulations).

The policies focus on:

- Integrating biodiversity considerations into investment decisions and asset management activities where appropriate
- Compliance with environmental and nature conservation legislation
- Taking biodiversity-related risks into account in the risk management of relevant asset classes

Measures and results
KGAL implements measures (depending on the asset class and project) to identify, monitor, prevent, minimise and (where necessary) offset actual or potential negative impacts on biodiversity. These include, in particular:

- **Biodiversity and site assessments** as part of transaction and project due diligence (e.g. site sensitivity, proximity to protected areas, expected intensity of impact)
- Integration of biodiversity-related requirements into **project planning** and ongoing **asset management** (e.g. compliance management, management of action plans)
- Collaboration with operators and developers and, where appropriate, **the involvement of external expertise** (e.g. expert reports and environmental impact assessments (EIAs) in the context of the project).

Results for the reporting year: The measures mentioned are already being applied within the Sustainable Infrastructure asset class; systematic, group-wide standardisation and quantification are continuing to be expanded.

Relevant metrics
In the reporting year, biodiversity matters are reported with reference to ESRS E4 (phase-in).

Role of the administrative and management bodies

Composition of the bodies: independence, employee representation and diversity
The following information relates to the composition, responsibilities and powers of KGAL's administrative, management and, where applicable, supervisory bodies with regard to sustainability matters. The objective is to provide a transparent overview of ESG responsibilities, technical expertise and institutional roles within the company's governance structure.

KGAL's governance structure, particularly with regard to sustainability matters, essentially comprises the following elements:

- **Board of Directors** – oversees the Management Board, acting in the capacity of a Supervisory Board
- **Group Executive Committee (GEC)** – Management Board, responsible for the Group's business success
- **ESG Executive Committee** – makes group-wide decisions on sustainability
- **ESG Office** – implements the sustainability strategy, manages operational sustainability and builds organisational capability
- **Centralised Risk Management** – monitors risks, opportunities and impacts relating to sustainability
- **Employee representation** – in accordance with the Works Constitution Act

Staff composition: The Board of Directors comprises three members. In 2025, the Management Board (GEC) consists of five members: two Co-CEOs, a CFO, a CTO and Managing Director Asset and Portfolio Management.

Experience: GEC members bring a wide range of specialist expertise to the table, particularly in the fields of Real Estate, Infrastructure, Aviation, ESG Management and Asset Management in Europe and worldwide.

Diversity: The gender mix on the Board of Directors is 0 per cent female representation. On the Management Board: one woman, five men, no non-binary individuals. Towards the end of 2025, Dr. Schmuck joined the Management Board as the successor to the previous CFO.

Responsibilities for material IROs (impacts, risks, opportunities): persons/bodies responsible and responsibilities of the relevant persons, committees or similar bodies within the bodies for the management and/or oversight of material IROs:

The Management Board's ESG Executive Committee oversees the ESG strategy and its implementation. Operational ESG management is led by the ESG Office and a Managing Director, and is overseen by the Committee in relation to cross-functional issues.

The impacts, risks and opportunities arising from ESG are monitored by the central risk management function, with the ESG Office acting in an advisory capacity. The activities of the Central Risk Management function are overseen by the CFO and the GEC.

An established organisational structure is in place to achieve KGAL's sustainability objectives and implement the associated measures. The Management Board has firmly embedded sustainability-related responsibilities, tasks and structures relating within KGAL.

The GEC oversees all processes relevant to governance: these include compliance, risk management, internal control and the implementation of sustainability governance. Decisions and controls are based on a documented framework with clearly defined responsibilities. ESG-related risks and governance matters are reviewed and addressed in the reporting process.

The Board of Directors advises the GEC, including the Management Board, on impacts, risks and opportunities, including those relating to sustainability matters. In addition, it examines the effectiveness of the internal control and risk management system.

At an operational level, KGAL regards sustainability as a cross-cutting issue that permeates all areas of the organisation and is therefore an integral part of line management's responsibilities. Consequently, responsibility for implementing sustainability rests at a decentralised level within the respective business units. The ESG Office advises the business units on this matter and provides the overall framework. The ESG Executive Committee aligns the plans and proposals of the ESG Office with the company's needs and takes overarching decisions.

The bodies' competence and expertise in sustainability matters, as well as access to specialist knowledge
Reporting year 2025: The Managing Directors have in-depth expertise in key governance and sustainability matters:

- **Risk management and internal control system (ICS)**: Dr Thomas Schröer has been Chief Risk Officer since 2021, with responsibility for risk management, fund controlling, outsourcing, audit, legal affairs and compliance.

- **Digital governance and IT skills**: Dr Anke Sax is responsible for the COO and CTO functions and brings with her many years' experience in senior IT and compliance roles within the financial sector.

- **Strategic and operational management**: André Zücker and Florian Martin, as Co-CEOs, are coordinating the strategic direction, particularly in ESG-relevant asset classes. As Managing Director Asset and Portfolio Management, Michael Ebner also oversees the operational management of the asset classes. Dr. Martin Schmuck is an expert in reporting, including on ESG-related non-financial performance indicators.

The members of the Management Board therefore possess expertise in the areas of compliance, risk management, governance frameworks and ESG-related regulatory frameworks such as the CSRD, SFDR and the EU Taxonomy.

The ESG Office advises the Management Board and subordinate bodies on the knowledge and expertise required to address current and future sustainability matters.

In addition, KGAL draws on external experts and training programmes to ensure that its expertise in the area of governance is continually updated. Examples of this include membership of bodies such as the Federal Association of Alternative Investments (BAI), the Federal Association of German Leasing Companies (BDL) and the Central Real Estate Committee (ZIA), as well as GRESB and the Institute for Corporate Governance in the German Real Estate Sector (ICG).

This expertise relates to the material impacts, risks and opportunities for KGAL in the areas of climate mitigation, energy efficiency, sustainable infrastructure, governance standards and social responsibility throughout the value chain. For the 2025 reporting year, experts from the following fields in particular contributed:

- ESG experts from the asset classes
- Human resources
- Compliance
- Risk management

Target-based management and progress monitoring
The following section sets out how KGAL's administrative, management and, where applicable, supervisory bodies are kept informed of key sustainability matters, and how these matters were addressed in the work of these bodies during the reporting period. The objective is to present the ESG-related information, management and monitoring carried out by the governing bodies in a transparent manner, in line with their governance responsibilities.

KGAL also informs its Board of Directors about sustainability matters, including impacts, risks, opportunities and the effectiveness of the strategies implemented, where these are material. The ESG Office reports regularly to the ESG Executive Committee, and in specific cases directly to the GEC, on progress and measures taken. Within this framework, updates on the progress of sustainability initiatives are provided at least once a year.

In risk management, climate and environmental risks are integrated through material risk indicators and are reported regularly to the GEC and the Investment Committee. Regular meetings between the Board of Directors and the Co-CEOs provide an opportunity to discuss current strategic and operational matters.

In carrying out their functions, the bodies work to achieve the long-term sustainability objectives, taking into account the opportunities, risks and impacts of sustainability matters, and to ensure well-organised operational sustainability processes. Measurement is carried out, in particular, using metrics that are also used in established operational processes (e.g. ranking results), consolidated, cross-functional metrics (e.g. total emissions) and strategic projects (progress indicators such as time, quality and budget).

Incorporation of key IROs into strategy, transactions and risk management

How the bodies take key IROs into account
Sustainability-related impacts, risks and opportunities gained further prominence with the CSRD reporting requirements expected in 2025, but they had already been firmly embedded in KGAL's approach beforehand. Although KGAL is not subject to mandatory reporting requirements, it continues to develop the relevant processes, as investors, as a stakeholder group, have a particular interest in this data – partly because of their own reporting obligations. The associated processes are currently being developed, with the focus on strengthening existing procedures.

Information on sustainability impacts, risks and opportunities has been taken into account in the following cross-organisational business decisions:

- **Strategy development and review**: ESG findings were incorporated into the ongoing review of the strategic direction of investments, project developments and risk management.

- **Involvement in major transactions**: ESG considerations were incorporated into the decision-making process during due diligence for acquisitions and disposals.

- **Risk management**: ESG risks have been incorporated into the company-wide risk inventory and are documented in reports.

List of sustainability matters: Key ESG aspects addressed by the committee

During the 2025 reporting period, KGAL's relevant bodies addressed the following sustainability matters:

TOPIC	Allocation	Reason or context	Body
Support in developing the ESPF 8 impact product	Opportunities	Market development	ESG Office
Conducting the materiality assessment	Impacts, risks and opportunities	Basis for the Sustainability Report	ESG Office
Carbon footprint and application of the PCAF methodology	Risk + impacts	Investor reporting	ESG Executive Committee
Application of the EU Taxonomy e.g. Core 5 and ESPF 5	Opportunities + impacts	Investor reporting	ESG Office
Roll-out of the ESG software	Identification and reporting of impacts, opportunities and risks	Investor reporting	Steering Committee
KGAL's sustainability vision and long-term sustainability strategy	Objectives and strategies for addressing impacts, risks and opportunities	Investor reporting	ESG Executive Committee

These matters were addressed partly during committee meetings and partly through internal ESG workshops or strategic consultations.

Incorporating sustainability-related performance into incentive schemes

The information set out below relates to the incorporation of sustainability objectives and performance into the remuneration and incentive schemes for members of the Management Board and, where applicable, other levels of KGAL. This discloses the extent to which ESG-related factors form a formal part of variable remuneration and long-term management incentives.

Key features of incentive schemes

The Group-wide remuneration strategy is derived from KGAL's business and risk strategies and provides a binding framework for the Group's remuneration policy.

All KGAL employees also agree binding targets with their line managers. Sustainability-related targets or KPIs used in the incentive scheme

Sustainability-related targets or KPIs used in the incentive scheme

Sustainability-related performance is taken into account in the assessment of variable remuneration. This applies, for example, to:

- Operational ESG targets, such as implementing the ESG strategy and reducing environmental impacts in the immediate workplace
- Progress in integrating sustainability factors into investment decisions
- Compliance with exclusion criteria and ESG standards

Assessment is carried out on a qualitative and/or quantitative basis, depending on the role and area of responsibility.

Sustainability-related KPIs and qualitative indicators are incorporated into individual target agreements and linked to internal benchmarks or accountability for specific measures. Examples of this include:

- Selection, design, planning, configuration and implementation of a company-wide software solution for ESG data. Progress was measured against defined milestones.
- Reclassification of selected fund products from SFDR Article 6 to SFDR Article 8, including the resulting regulatory and legal follow-up work. Progress was measured by the number of funds reclassified.

The metrics serve as performance benchmarks for the purposes of reviewing target achievement.

Proportion of variable remuneration linked to ESG criteria

ESG targets are not incentivised in isolation; instead, they form part of the overall framework for variable remuneration and target-setting.

Statement on due diligence

The following information provides an overview of the key steps and aspects of the company-wide procedure for fulfilling its duty of care in the area of sustainability. It shows how and where the application of these procedures is documented in KGAL's sustainability statement. The objective is to provide transparency about how due diligence processes are integrated into strategy, governance, risk management and reporting.

Note on the regulatory framework
This overview is limited to describing the implementation of existing due diligence processes within the context of sustainability reporting. It does not imply any extension of the statutory or regulatory obligations of the Management Board or other governing bodies.

Key elements of due diligence	Paragraphs in the sustainability statement
(a) Integration of due diligence into governance, strategy and the business model	▪ Information and sustainability matters addressed by the company's administrative, management and supervisory bodies ▪ Material impacts, risks and opportunities and their interaction with strategy and the business model
b) Involvement of relevant stakeholders in key stages of the due diligence process	▪ Information and sustainability matters addressed by the company's administrative, management and supervisory bodies ▪ Description of the procedure for identifying and assessing material impacts, risks and opportunities
(c) Identification and assessment of adverse impacts	▪ Description of the procedure for identifying and assessing material impacts, risks and opportunities ▪ Material impacts, risks and opportunities and their interaction with strategy and the business model
(d) Measures to counter these negative impacts	▪ Measures taken in relation to material impacts on the company's workforce, and approaches to managing material risks and capitalising on material opportunities relating to the company's workforce, as well as the effectiveness of these measures
(e) Monitoring the effectiveness of these efforts and communication	▪ In the respective sub-chapters

Risk management and sustainability reporting

Scope and key features of the processes and systems
The KGAL Group's risk management system encompasses the identification, assessment, management and monitoring of all material risks – including sustainability risks – throughout the investment process and in corporate management. In this context, ESG (environmental, social, governance) risks are regarded as potential risk drivers within existing risk categories and are taken into account as part of the company-wide risk analysis. In relevant cases, climate and environmental risks are categorised on the basis of physical and transition risk drivers.

Process-integrated controls are primarily embedded in the areas of ESG data management and reporting. The ESG Office carries out risk-based monitoring to ensure compliance with relevant ESG regulations and the company's internal ESG requirements.

The ESG Office continuously monitors regulatory developments relating to sustainability (including the CSRD, the EU Taxonomy and the SFDR) and supports their implementation across the company. New reporting requirements or methodological changes are incorporated into the internal guidelines and reporting systems.

Approach to risk assessment
Sustainability risks are assessed as part of the ESG risk analysis and the company-wide risk inventory. This takes into account both operationally significant risks (1–5 years) and strategically relevant risks with a long-term time horizon (over 5 years).

A risk inventory is used to prioritise risks; this combines the probability of occurrence and the potential impact. The following impacts are considered particularly relevant:

- Performance of fund vehicles (internal rate of return, distributions),
- Valuation of assets,
- Compliance with regulatory requirements (e.g. SFDR, EU Taxonomy)
- Reputation and relations with investors.

Physical climate risk analyses are carried out for all fixed assets, such as real estate and energy infrastructure, using a Munich Re tool and climate-specific scenarios.

As part of the strategic risk assessment, ESG trends – such as decarbonisation obligations or ESG-related regulations – are analysed and incorporated into longer-term planning processes. Where ESG risks are assessed as material, they are also included in the internal stress testing programme.

Material risks and mitigation measures
At KGAL, sustainability risks are understood as risk drivers that can exacerbate or alter existing financial, operational or strategic risks. The key ESG-related risks can be divided into physical and transition risks, in line with the established classification:

Physical risks
These include the direct and indirect impacts of climate change, such as those caused by extreme weather events including heavy rain, flooding, heatwaves and rising sea levels. Real estate and infrastructure projects with long-term investment horizons are particularly affected. Relevant risk areas include, for example:

- **Potential damage** to real estate portfolios or infrastructure projects caused by weather events
- **Operational interruptions** (e.g. in the case of wind or solar power plants)
- **Long-term declines in value** resulting from changes in a location's attractiveness (e.g. heat islands, water availability)

Transition risks
These arise from regulatory developments, market changes and shifting stakeholder expectations in the course of the transition to a sustainable economy. Examples include:

- **Losses in value** due to inadequate energy efficiency or poor ESG ratings (e.g. as a result of non-alignment with the EU Taxonomy),
- **Reputational risks** arising from a lack of ESG transparency or investments in unsustainable activities,
- **Regulatory risks**, e.g. failure to comply with disclosure obligations under the SFDR, CSRD or the EU Taxonomy

Mitigation strategies and controls
KGAL addresses the identified risks through a combination of governance measures, review processes and ESG data integration:

- **ESG due diligence assessments** are a mandatory part of the process prior to any investment. This also involves assessing physical risks (e.g. flood risks, energy consumption) and transition risks (e.g. write-downs, regulatory pressure).
- KGAL has defined **exclusion criteria** and **high-risk countries** .
- In portfolio management, **ESG monitoring** is carried out on the basis of defined KPIs (e.g. energy indicators, emissions data).
- The ESG Office carries out a **risk materiality assessment** on a regular basis and updates it in line with regulatory and market developments.
- The ESG Office carries out risk-based and ad hoc reviews of **compliance with ESG requirements.**

The assessment is carried out at the level of individual investments and is then aggregated at portfolio and company level.

Integration into internal processes
The sustainability risks identified during the risk assessment – both physical and transition-related in nature – are integrated into KGAL's company-wide reporting and management processes. The key organisational touchpoints are:

- **ESG risk assessment and materiality assessment**: The results serve as input for the materiality assessment process as part of sustainability reporting.
- **Embedding within investment processes**: As part of the ESG due diligence process, risk factors must be explicitly identified and taken into account in the investment decision. Derived measures (e.g. requirements for energy-efficiency refurbishment, insurance) are included in the investment memoranda and decision-making documents.
- **ESG controlling**: ESG controlling, as part of the ESG Office, monitors the achievement of sustainability targets. ESG databases and ESG scoring models are used for this purpose. The data relate to both inputs and outputs (e.g. carbon footprint).
- **Regular communication**: ESG risks and their potential financial implications are communicated to Management Board as part of the risk reporting process where they are material.
- **Internal control**: The ESG Office carries out risk-based reviews of compliance with internal ESG requirements and shared data sets. This involves, amongst other things, process-integrated controls, plausibility checks and random sampling.

Integration takes place across the entire value chain – from transaction origination through to asset management and fund and corporate management. This ensures that relevant sustainability risks are taken into account throughout the investment process.

Reporting to governance bodies
The findings are regularly communicated to the relevant governance bodies within KGAL. Reports are produced in the following formats and at the following frequencies:

- **Annual risk inventory**: The annual risk inventory forms part of the integrated risk reporting framework and also addresses identified ESG risk drivers, the current risk profile of the fund and asset portfolio and potential impacts on investments and business strategy.

- **Report to the ESG Executive Committee**: The internal ESG Committee, comprising representatives of the Management Board and the ESG Office, discusses sustainability risks, opportunities and measures throughout the year where these are material.

- **Annual review as part of the strategy discussions**: Key ESG risks that may be relevant to the business strategy (e.g. regulatory risks, transition risks) are considered as part of the strategic planning processes together with the Management Board and translated into concrete initiatives.

Strategy, business model and value chain

Description of the business model, the upstream and downstream value chains, and KGAL's position within them
KGAL GmbH & Co. KG is an independent investment and asset manager specialising in real asset investments in Real Estate, Renewable Energy and Aviation. The company primarily targets institutional investors and offers bespoke investment solutions with a long-term investment horizon.

Our business model is based on an integrated value chain approach that encompasses all stages of the investment cycle:

- **Sourcing and structuring**: Selection of attractive investment opportunities based on account economic, technical and ESG criteria. Structuring investments in retail or specialised funds in accordance with regulatory requirements. In the case of Sustainable Infrastructure and Real Estate, these are typically structured as ESG products.

- **Investment management**: Day-to-day asset and portfolio management with a focus on performance, risk management and, to some extent, ESG optimisation. ESG factors are systematically integrated into our decision-making processes.

- **Exit and capital repatriation**: A structured divestment process focusing on market cycles, performance targets and sustainability impacts. Disclosure of results to investors.

KGAL's value chain extends from raising capital, through analysis and transaction execution, to operational value creation and reporting.

Key product and service categories offered by KGAL, as well as markets and client groups, and their relevance to KGAL's sustainability objectives
Through its various operating companies, KGAL covers all the key aspects of a provider of closed-end funds and structured finance. Its core business comprises the structuring and distribution of closed-end and open-end funds and special investment funds, as well as the management of funds and real asset investments across a range of asset classes.

The company's business activities focus in particular on the following areas:

- Structuring, launching and managing funds, products and mandates (equity and debt) for institutional investors and, on a selective basis, family offices and foundations (both domestic and international) in the Real Assets asset class, in particular Real Estate, Aviation and Sustainable Infrastructure.
- Advisory and asset management services for various institutional funds, as well as for the open-ended real estate fund (OIF) and the open-ended infrastructure fund, both aimed at private investors.
- Launching additional open-ended funds investing in real assets for private investors.
- The value-oriented, selective use of intra-group equity to enable or facilitate growth and investment.

When designing new funds, KGAL is currently focusing on the real asset classes of real estate (120 properties and approximately 51 per cent of the investment volume), sustainable infrastructure (118 operational solar and wind farms across 9 countries, 26 per cent of the investment volume), and aircraft (35 aircraft, 16 per cent of the investment volume) for professional, semi-professional and private investors. For all asset classes, the services offered include transaction, portfolio, asset and risk management, as well as the commercial administration and investor support of the funds.

In 2022, KGAL Investment Management GmbH & Co. KG was granted an extension to its licence by the Federal Financial Supervisory Authority (BaFin). This expansion complements the company's offering in the real assets sector, enabling transactions at the intersection of traditional real asset investments and more operationally focused business with an entrepreneurial element.

Markets and client groups
KGAL's business activities are primarily focused on the member states of the European Union and the European Economic Area. On the sourcing side, KGAL's international diversification varies depending on the asset class.

Whilst Real Estate has selectively expanded its geographical scope and now invests not only in the core markets of Germany and Austria but also in the United Kingdom, Ireland, the Netherlands, Poland, Spain, Belgium, the Czech Republic and Hungary, the Sustainable Infrastructure asset class focuses on Europe as a whole.

In the field of aircraft leasing, we work with airlines worldwide.

On the investor side, key client groups include institutional, semi-professional and professional investors, as well as private investors.

In total, there were 34 active funds, club deals and separate accounts during the reporting year, serving more than 95 institutional investors from a total of 15 countries.

KGAL's main client groups include insurance companies, pension funds, occupational pension schemes and some private investors. The latter are professional investors or family offices. A distinction can be made between domestic and international investors. However, foreign investors come exclusively from Europe, for example from the Netherlands, Switzerland, Liechtenstein, France, Spain, Croatia and the United Kingdom. In future, marketing activities may also be extended to Japan and Australia. However, the main clients are based in Germany, even though some of them are managed through Luxembourg-based funds of funds.

Sustainability targets relating to product and service groups
KGAL's overarching objective is to gradually increase the proportion of sustainability-oriented investment products (in accordance with SFDR Articles 8 and 9). This includes:

- Expansion of climate-friendly real estate funds with a focus on energy-efficient and resource-conserving buildings (e.g. EU Taxonomy-aligned properties)
- Development of infrastructure funds focusing on renewable energy, battery storage solutions and the production of green hydrogen
- Embedding ESG across the Aviation asset class, for example through investment in more energy-efficient aircraft types

Real Estate asset class

- **Sustainability relevance:** Real estate plays a key role in achieving climate targets (e.g. through CO_2 reductions, energy efficiency and the use of renewable energy).
- **Status:** A significant proportion of the real estate portfolio already meets certain ESG criteria (e.g. DGNB/LEED certifications, SFDR Article 8 funds).
- **Assessment:** Good alignment with sustainability targets, although further action is needed in the refurbishment of existing buildings with low energy efficiency and in data management.

Alignment with objectives: The long-term objective is to achieve full ESG integration across new developments and to progressively transform the existing real estate portfolio.

Sustainable Infrastructure asset class

- **Sustainability relevance:** Strong strategic alignment with KGAL's sustainability objectives. Wind and solar farms are directly geared towards climate mitigation. New opportunities in energy storage, green hydrogen and SAF are diversifying this asset class in line with market demand.
- **Status:** Infrastructure funds are already among the most sustainable product groups in the portfolio.
- **Assessment:** Very strong alignment with ESG strategy; there is further potential for scaling and impact measurement.

Alignment with objectives: Increase in investment volume

Aviation asset class

- **Sustainability relevance:** The Aviation sector is associated with significant emissions and faces a fundamental tension with the overall climate neutrality strategy.
- **Status:** Current investments are opportunity-driven, but focus on modern, fuel-efficient aircraft.
- **Assessment:** ESG risks are present; measures to strengthen ESG alignment (e.g. ESG screenings, life-cycle assessments) can be implemented.

Alignment with objectives: Further ESG measures, such as the exclusion of energy-inefficient models and the market-driven, mandatory blending of sustainable aviation fuels, are already being taken into account in the planning.

Stewardship by asset class

In addition to its own efforts to integrate and enhance sustainability, KGAL also works with its business partners through stewardship initiatives to embed sustainability throughout the value chain. As an investment manager specialising in real assets, KGAL defines 'stewardship' as actively engaging with its business partners through individual or collaborative dialogue. Our immediate stewardship objective is the ongoing integration of ESG criteria at asset and fund level; the overarching objective, however, is to maximise, as far as possible and within the scope of our influence, the collective economic, social and environmental value on which returns and the interests of investors and beneficiaries depend.

The stewardship activities for each asset class focus on ESG-related priorities and on stakeholders whom the asset classes consider to be material. Such prioritisation is dynamic and subject to change, and is influenced, amongst other things, by the ESG risk assessments of the investments. This is particularly the case for products classified as Article 8 or 9 under the EU Sustainable Finance Disclosure Regulation (SFDR).

Possible stewardship approaches for each asset class are described below:

Stewardship – Aviation asset class

Recycling and disposal of aircraft parts

GOAL, a technical asset manager, is a member of the world's leading non-profit organisation, the Aircraft Fleet Recycling Association (AFRA). This enables the Aviation asset class to influence the AFRA's recognised Best Management Practice (BMP) Guidelines for Aircraft Recycling and to their further develop them with regard to end-of-life recycling.

Communication with lessees

The Aviation asset class conducts surveys among lessees on relevant sustainability matters, such as sustainable aviation fuel (SAF), as well as climate-related and human rights issues, partly to raise awareness of these issues.

Stewardship – Real Estate asset class

Communication with tenants

A dialogue takes place between property managers and their tenants to raise awareness of sustainability matters (e.g. in connection with utility bills). The content and frequency of the discussions are determined on a case-by-case basis, materiality and appropriateness into account.

Green lease

The provisions on sustainability criteria in tenancy agreements promote constructive cooperation between Real Estate and tenants in this area. Key provisions may include elements such as the exchange of data (e.g. consumption data), measures to save energy and water and reduce waste, the extensive use of green electricity, resource-efficient construction measures, and the use of environmentally friendly materials.

Stewardship – Sustainable Infrastructure asset class

Protecting local communities from the adverse impacts of the facilities

In collaboration with project partners and other stakeholders, such as land lessors, the Sustainable Infrastructure asset class protects local communities by mitigating, reducing or preventing disruptive effects arising from the operation of the facilities.

Human rights risks in the solar panel supply chain

The Sustainable Infrastructure asset class requires business partners to ensure the traceability of products when purchasing PV modules, in order to identify potential links to forced labour.

Sustainability targets relating to client groups

KGAL's sustainability objectives are also aligned with the requirements of its institutional investors, particularly those from the following sectors:

- Insurance companies and pension funds
- Banks and church organisations
- Pension schemes and sovereign wealth funds

For these client groups, bespoke ESG criteria are incorporated into the product design.

Key sectors and internal activities of KGAL associated with significant impacts, opportunities and risks

KGAL discloses the significant sectors in which the company operates through its own business activities. The 'significant' sectors are identified in accordance with the internal business logic, based on asset classes and business areas. A sector is classified as significant if it either makes a material contribution to the core business and/or is associated with actual or potential material impacts, risks or opportunities for the purposes of sustainability reporting.

Financial services/investment and asset management
KGAL is an independent investment and asset manager that develops and manages real-asset investments for institutional and private investors. This sector forms the core of the company's business activities and encompasses, amongst other things, product development, fund and investment management, asset management and transaction and portfolio management.

Real Estate
KGAL is active in the structuring and management of real estate investments. The value chain generally encompasses research, acquisition and transaction structuring, active asset management, development and optimisation, and disposal. As real estate is linked to key sustainability matters – particularly with regard to energy efficiency, emissions, climate risks, resource use and social aspects (e.g. occupant comfort, safety) – sustainability is a matter of great importance to KGAL in this context.

Sustainable Infrastructure
KGAL manages infrastructure investments, particularly in the areas supporting the energy transition (e.g. renewable energy, energy storage and related infrastructure). On the one hand, this sector is associated with opportunities relating to climate, the environment and transformation; on the other hand, however, it is also associated with project-specific risks relating to planning permission, construction, biodiversity and public acceptance, as well as physical risks.

Aviation
KGAL operates in the aviation sector, providing investment and asset management solutions, particularly in the context of aircraft leasing. This sector is regularly associated with material transition and market risks (the aviation sector's decarbonisation pathway, regulation, demand cycles), but also offers opportunities through fleet modernisation and efficiency improvements.

Activities in specific sectors
KGAL states whether the company is active in the sectors listed below as part of its own business activities. The following applies to all four sectors: KGAL is not active in these sectors and therefore generates no revenue from them (EUR 0 in revenue for the reporting year).

1. **Fossil fuel sector (coal, oil and gas)**
   KGAL is not active in the fossil fuel sector (it has no involvement in exploration, extraction, production, processing, storage, refining or distribution, including transport, storage and trading).
   Related revenue: EUR 0.

2. **Chemical production**
   KGAL is not engaged in the production of chemicals; its own activities do not fall within NACE Division 20.2 (Manufacture of pesticides and other agrochemicals).
   Related revenue: EUR 0.

3. **Controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)**
   KGAL is not engaged in activities relating to controversial weapons.
   Related revenue: EUR 0.

4. **Tobacco cultivation and production**
   KGAL is not engaged in the cultivation or production of tobacco.
   Related revenue: EUR 0.

Interests and perspectives of KGAL's stakeholders

Stakeholder engagement (summary)
As an asset manager and real asset investment manager, KGAL engages in ongoing dialogue with stakeholders who are directly or indirectly affected by product design and investment and management decisions. The purpose of this dialogue is to identify key sustainability matters (impacts, risks and opportunities) at an early stage, to take on board expectations regarding ESG integration, transparency and compliance, and to incorporate these into the further development of strategy, processes and products.

Key stakeholder categories and engagement formats at KGAL

- **Investors/clients (institutional investors, mandates, fund investors)**
  Ongoing dialogue regarding product structure and ESG requirements, reporting and data requirements, as well as SFDR classifications, exclusion criteria and due diligence expectations.
  Insights from stakeholder dialogues: growing demand for upgrades (from Article 6 to Article 8), comprehensive ESG data reporting and evidence of compliance with the EU Taxonomy.

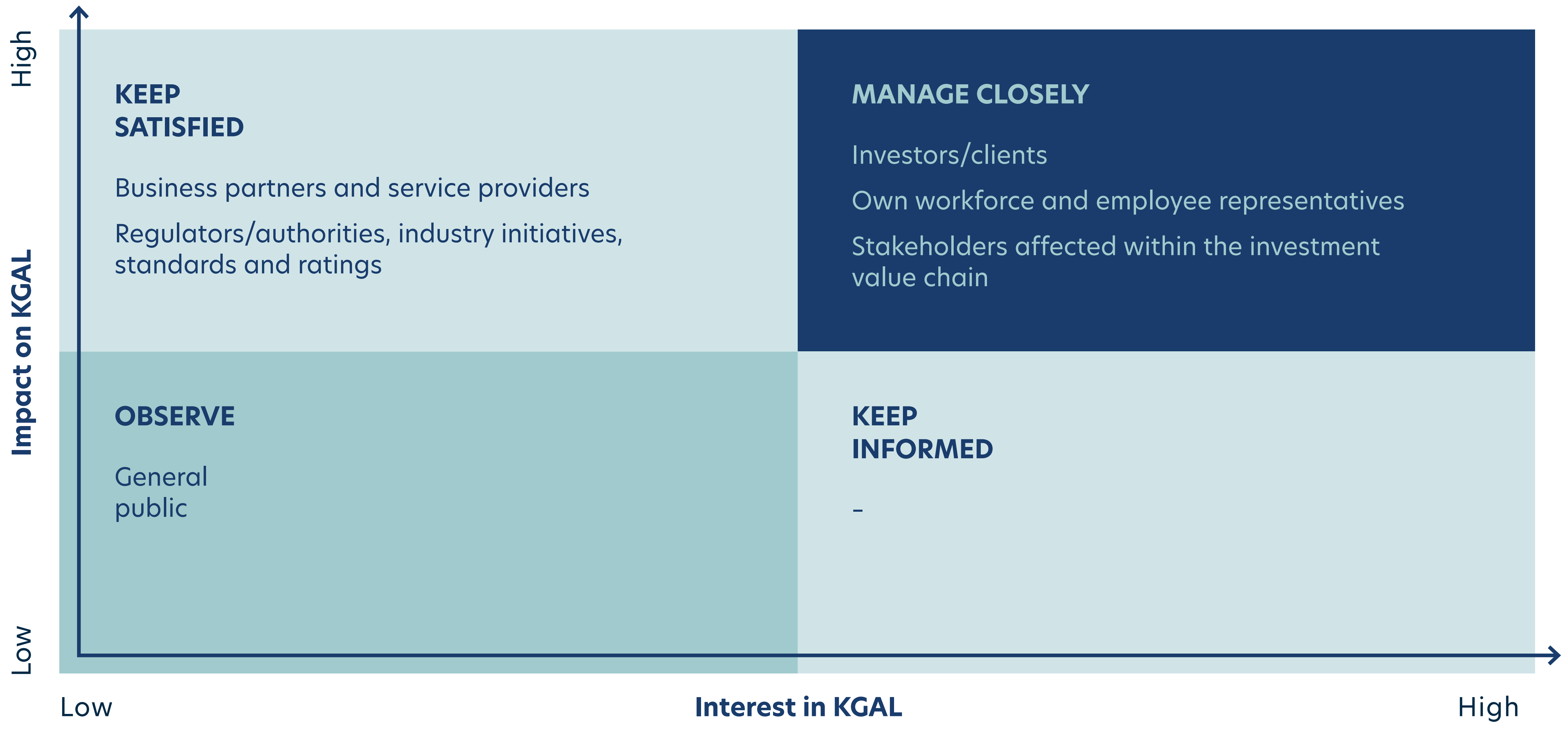
- **Own workforce and employee representatives**
  Internal communication regarding the ESG strategy, Code of Conduct and operational ESG processes; feedback channels (including CEO dialogue formats, 'ESG in touch' and the works council).
  Insights from stakeholder dialogues: a strong focus on HR issues, such as working conditions, work-life balance and diversity, as well as planned satisfaction surveys and more transparent pay bands (the 'KGAL EVOlution' project).

- **Stakeholders affected across the investment value chain**
  Real Estate: Tenant engagement (e.g. annual meetings, satisfaction surveys), collaboration on Green Lease elements (energy, water, waste, data sharing).
  Aviation: Dialogue with lessees and partners on climate and human rights issues (including CO_2 data, SAF usage, end-of-life and recycling).
  Sustainable Infrastructure: Dialogue with project partners, local communities and local stakeholders to minimise negative impacts and ensure local acceptance and implementation.

- **Business partners and service providers (asset managers, property managers, valuers, suppliers)**
  Expectation management via the Business Partner Code of Conduct, governance and minimum ESG standards; integration into ESG due diligence, data collection and incident/risk processes.

- **Regulators/authorities, industry initiatives, standards and ratings**
  Participation in/adherence to standards/initiatives (e.g. PRI Assessment, GRESB); use of the results as a feedback loop for process and quality improvements.

Stakeholder matrix



Dialogue formats with stakeholder groups

Format	Target audience	Frequency
Investor roadshows, investor dialogue	Investors (institutional and private), financial institutions	Annually/depending on fund performance/as required
Tenant surveys	Users of properties	Project-based
Local dialogue	Local authorities, residents, local communities	Project-based
In-house ESG workshops	Staff, ESG experts	As required
Industry association engagement and regulatory dialogue	Supervisory authorities (BaFin), associations (ZIA, BDL, BAI)	Ongoing
Management dialogues	Shareholders	Quarterly
Consultations in the course of official business	Public authorities	Project-based
Annual reviews	Business partners	Annually/as required

Feedback from stakeholder consultations during the reporting year:
A major client in the commercial real estate sector emphasises the importance of energy efficiency, green electricity and workable Green Lease clauses, as well as a robust ESG strategy.

KGAL's Client Management and Institutional Business divisions report a growing demand for ESG data, fund upgrades and region-specific requirements.

Understanding the interests and perspectives of key stakeholders with relation to strategy and the business model
KGAL uses the stakeholder dialogue to derive a consolidated picture of key expectations, which influences its strategic direction (product development, investment focus, risk management, stewardship). Key interests and perspectives for each stakeholder group may include, amongst other things:

Investors/clients

- **End-to-end ESG integration:** From deal sourcing through due diligence and investment decisions to asset management and exit; clear exclusion criteria and evidence of compliance with the Taxonomy
- **Transparency and traceability:** Robust ESG metrics, consistent reporting (including data provision to third parties), verification of regulatory requirements (e.g. SFDR) and voluntary commitments
- **Risk management:** Robust management of climate, environmental and social risks (physical/transition-related) as an integral part of financial risk considerations
- **Strategic alignment:** Demand for decarbonisation, energy efficiency, the energy and mobility transition, social infrastructure and appropriate funds and mandate structures

Tenants/users of real estate

- **Operating costs and comfort:** Energy efficiency, supply of renewable electricity, transparency regarding consumption, measures to reduce energy and water consumption and minimise waste
- **Cooperation:** Practical implementation of sustainability clauses (data, joint action planning)
- **Health and safety:** Safe, user-friendly buildings (with priorities tailored to each type of use)

Lessees/Partners (Aviation)

- **Operational ESG matters:** Management of CO_2 data, SAF-related matters; human rights expectations within the supply chain/value chain, depending on the circumstances
- **Life-cycle perspective:** More sustainable end-of-life and recycling approaches, and alignment with industry standards

Local communities and other affected stakeholders in the vicinity of infrastructure/energy facilities

- **Minimising negative impacts:** Noise/shading/nature conservation, construction sites and operational impacts, landscape

- **Transparency and participation:** Early communication, clear complaints and contact channels, local measures to foster acceptance, and participatory engagement formats

Own workforce and employee representatives

- **Clarity and culture:** Code of Conduct, integrity, sustainability-related skills

- **Further development:** Skills development, roles and responsibilities, involvement in ESG improvement programmes; transparent career paths ('KGAL Evolution')

- **Working environment:** Diversity, collaboration, work-life balance (flexible working arrangements, home working arrangements), health and safety

Business partners/service providers

- **Clear expectations:** Governance, compliance and ESG minimum standards; data quality and involvement in ESG processes

- **Predictability:** Consistent requirements across asset classes (e.g. stewardship approach, incident reporting)

Impact on strategy and business model
At KGAL, these stakeholder expectations support the strategic approach of embedding ESG as an integral part of business and risk strategy, strengthening transparency (including through reporting and structured data provision) and systematically implementing stewardship across all asset classes.

Link to the materiality process
Stakeholders' expectations reflect the matters identified as material in the materiality assessment, including climate mitigation/energy (e.g. decarbonisation, availability of sustainable aviation fuel, energy efficiency), the company's own workforce (working conditions, pay transparency, health), workforce in the value chain (human rights, e.g. forced labour in PV supply chains) and governance (corporate culture, whistleblower protection, supplier management, anti-corruption). Measures and targets are aligned accordingly (e.g. ESG due diligence in the investment process, the development of robust ESG KPIs and data quality).

How administrative, management and supervisory bodies are kept informed of the interests and views of key (affected) stakeholders
KGAL ensures that stakeholders' views, particularly regarding material impacts, risks and opportunities, are communicated to the relevant decision-makers. This is achieved through processes that integrate ESG matters into investment decisions and operational processes.

Key information and escalation channels

- **ESG organisation and management bodies**
  The ESG Office and the ESG functions within the asset classes coordinate ESG activities on behalf of the Management Board and consolidate insights from stakeholder feedback (client requirements, feedback from tenants/lessees, project and partner dialogues, industry and rating agency feedback). The ESG Executive Committee (which includes members of the Management Board) serves as the central forum for prioritising and providing strategic direction on key ESG matters.

- **Investment and product decisions**
  Stakeholder requirements (in particular those of investors and clients) are taken into account in product design and investment processes (e.g. the structuring of funds and mandates, exclusion criteria, SFDR/ESG strategies). ESG findings are incorporated into investment proposals and are considered by internal decision-making bodies and the governing bodies of the investment vehicles.

- **Asset and portfolio management**
  Feedback from tenants, lessees, local stakeholders, landowners and project partners is gathered through the asset, real estate and technical management processes and, where relevant, reported to the ESG Office or management (including, amongst other things, action plans, Green Lease implementation, community matters, incidents/complaints).

- **Involvement of the company's own workforce and employee representation**
  The interests and perspectives of the company's own workforce are systematically embedded in HR, compliance and ESG processes via internal communication and feedback channels, as well as through employee representative bodies, and reported to management.

- **External standards and assessments as a feedback loop**
  Results from ESG assessments (e.g. PRI, GRESB, CRREM) and from stakeholder and client requirements are used to prioritise improvements to processes, data quality and reporting, and to support decision-making by the relevant management bodies.

Through this reporting and governance structure, the interests and perspectives of key stakeholders are regularly brought to the attention of the relevant administrative, management and supervisory bodies, and influence decisions on strategy, products and investments, as well as on how to address significant impacts, risks and opportunities.

Material impacts, risks and opportunities and their interaction with strategy and the business model

Interactions between material impacts, risks and opportunities and the strategy, business model and value chain
KGAL is an investment and asset manager specialising in real assets, with a focus on the asset classes of Real Estate, Sustainable Infrastructure (particularly renewable energy) and Aviation, as well as venture capital and private equity. Given the nature of the business model, the key sustainability matters arise not so much from the company's own service processes as from its investment and asset management activities along the value chain. This essentially comprises:

Origination/structuring → due diligence → investment decision → asset management → exit

On this basis, there are interactions in particular with:

- **Environment:** Climate mitigation and climate adaptation, energy efficiency, and emissions from buildings, facilities and aircraft, as well as biodiversity considerations where relevant, in infrastructure and real estate projects
- **Social:** Working conditions, health, safety and occupational health and safety, particularly in relation to service providers, operators, tenants and, where applicable, local stakeholders within the context of projects
- **Governance:** Integrity and compliance, as well as responsible investment and stewardship; in addition, sustainable finance requirements (e.g. SFDR) and data and reporting requirements

How KGAL addresses these interrelationships in its strategy and decision-making processes

Sector/asset class	Material impacts	Material risks	Material opportunities	At what stage of the value chain?	How strategically integrated
Real Estate	Fossil fuel consumption and emissions	Transition risks, regulation/ stranded assets; physical risks	Increases in value through refurbishments and the roll-out of transformative technologies (e.g. smart meters)	Direct value chain and downstream	Project due diligence, CRREM alignment, action plans, ESG integration
Sustainable Infrastructure	Prevention of emissions, contribution to the energy transition; impacts on the natural environment, where applicable	Permitting, construction, operation, biodiversity, acceptance, human rights risks, transition risks	Stable cash flows, market opportunities arising from the energy transition	Direct value chain	Project due diligence, regulatory compliance and partner management, sustainable funds (SFDR/ Taxonomy)
Aviation	Energy and emissions	Market/residual value risks, regulation, transition risks	Fleet modernisation, demand for more efficient assets	Downstream	Project due diligence, portfolio and residual value management
Group	Human Resources, governance	Transition risks, compliance, employer branding, working hours, data quality, corruption	Employer attractiveness		Policies, training

Current financial effects of material risks and opportunities
Material sustainability risks and opportunities may affect KGAL's financial position, profitability and cash flows, as well as those of the individual funds, depending on the asset class and product structure. This is achieved in particular through:

- Valuations and changes in the value of assets/portfolios (e.g. real estate values, project values, residual values of aircraft)
- Operating and capital costs at asset level (e.g. refurbishment/CapEx requirements, operating costs, insurance),
- Contributions financial performance from management/ performance fees (e.g. capital inflows, new mandates, product demand)
- Financing costs (e.g. interest rate and refinancing terms, green financing)
- Provisions/one-off effects (e.g. legal/compliance cases, loss events – where applicable)

Specific effects during the reporting year
- Material risks/opportunities with measurable effects during the reporting year: No
- Quantitative details (amount/range), where possible: EUR 0
- Relevant items in financial statements/management reporting: None

Material risks/opportunities with a significant risk of adjustment within the next 12 months
For the risks and opportunities identified as material during the reporting year, KGAL assesses whether there is a risk of a material adjustment to the carrying amounts, assets or liabilities within the next 12 months (e.g. due to revaluations, impairments, project development risks or residual value adjustments). This was not the case during the reporting year.

Expected financial effects in the short, medium and long term
KGAL assesses the expected financial effects of material risks and opportunities over short-, medium- and long-term time horizons, taking into account its own strategy for managing these risks and opportunities (including investment and divestment approach, as well as planned measures at asset and portfolio level).

Typical impact pathways (depending on materiality) include, amongst others:

- **Real Estate:** Long-term value and cash flow effects arising from the decarbonisation pathway, energy prices, regulation, capital expenditure and tenant requirements
- **Sustainable Infrastructure:** Long-term opportunities arising from the expansion of the energy transition, stable returns; risks relating to planning permission, construction, grid connection and environmental and public acceptance issues
- **Aviation:** Transition risks (regulation, technology, SAF costs, demand) versus opportunities arising from efficient assets/fleet modernisation
- **Own operations:** Effects relating to regulation/compliance, reporting costs, talent and productivity

Specific expected effects
- Material risks/opportunities and their expected effects: None

Short term (1–2 years):

- **Cost increases due to regulatory requirements** (e.g. ESG data management)
- **The need to adjust fund strategies** as a result of changes to ESG ratings or investor requirements (e.g. Article 8/9 reclassifications)
- **Additional work involved in technical due diligence** for ESG-sensitive assets (e.g. Taxonomy compliance, PCAF accounting)
- **Revenue potential** from ESG products and impact-oriented investment solutions

Medium term (2–5 years):

- **Increased capital expenditure (CapEx)** for the energy-efficient refurbishment, decarbonisation or ESG optimisation of portfolio assets (primarily real estate and energy infrastructure)
- **Increased operating cash flows** for high-performing ESG-assets, driven by an improved market position or access to funding

Long term (>5 years):

- **Potential for value preservation and value appreciation** of assets with high ESG resilience, particularly in the context of physical climate risks or stricter ESG regulations
- **Minimising financing risks** through ESG alignment (e.g. better credit ratings, access to ESG-linked loans)
- **Systemic shifts** (e.g. potential changes in demand for conventional aircraft types, ESG-related project selection) with potential implications for asset lifecycles, exit values and portfolio strategies

If quantitative data cannot be provided (reasons and qualitative information)
KGAL is not currently providing any quantitative information on current or expected financial implications, as no material ESG risks or other material risks have been identified.

Resilience of strategy and business model
KGAL continuously assesses the resilience of its business model to the identified material sustainability risks and opportunities. The assessment is based on qualitative evaluations, model-based scenarios and strategic planning.

The resilience assessment is based on the following elements:

- Results of the materiality assessment
- ESG analyses at asset and portfolio level
- Assumptions regarding regulatory developments (e.g. EU Taxonomy, SFDR)
- External ESG scenarios (e.g. climate scenarios, energy supply, urbanisation trends)
- Internal stress tests for material risks

Short-term resilience (<1 year):

- KGAL has processes in place for ESG due diligence, data collection and product classification to meet regulatory requirements.
- Internal ESG governance (e.g. ESG Office, ESG Executive Committee, ESG criteria in investment processes) ensures the company's ability to act, even in the face of short-term adaptation pressures.
- The organisational framework is flexible enough to adapt promptly to market changes relating to ESG requirements (e.g. product transitions, exclusions and more stringent criteria).

Medium-term resilience (<5 years):

- Investments in decarbonisation, digital ESG systems and impact-oriented products improve positioning in the face of growing ESG demand.
- Integrating ESG criteria into existing portfolios at an early stage reduces the risk of a decline in value due to stranded assets.
- Collaborations with partners – some of whom are ESG-qualified – in construction, operation and use also enhance supply chain resilience.

Long-term resilience (>5 years):

- Broad diversification into climate-resilient infrastructure and energy-efficient real estate enhances resilience to physical climate risks and regulatory changes.
- The strategic ESG focus is designed to meet the growing demands for transparency, impact and social acceptance, even in the long term.
- Potential technological and societal transformations (e.g. carbon-neutral aviation, urban densification) are already being factored into asset class strategy and project development.

The resilience assessment is carried out on a qualitative basis, drawing on structured internal workshops, the application of ESG criteria in investment management and screening tools at fund level. Quantitative resilience indicators (e.g. portfolio valuation under CO_2 cost scenarios) are currently being developed and are set to be expanded in the medium term.

Description of the procedure for identifying and assessing material impacts, risks and opportunities

Below, KGAL describes the process it uses to identify and assess its material sustainability matters. This process is used to identify potential and actual environmental and social impacts, as well as the resulting financial risks and opportunities, in accordance with the principle of double materiality.

The objective of this disclosure is to provide an understanding of how KGAL identifies, prioritises and incorporates impacts, risks and opportunities in its sustainability reporting. The process forms the methodological basis for all other information contained in the sustainability statement and ensures that the content is both relevant and selected in line with business strategy.

Materiality assessment process

KGAL operates as an investment and asset manager specialising in real assets. As many potentially material matters do not arise primarily within the organisation itself, but rather within the value chain of the assets under management (e.g. real estate, infrastructure/renewable energy or aviation) and in the associated business relationships (e.g. with operators, property or technical managers, service providers, tenants/occupants, lessees or project partners), it is necessary to consider the value chain in order to identify and assess the material impacts, opportunities and risks.

Coverage and scope

To identify key matters, KGAL first drew up a systematic longlist covering the upstream and downstream value chains as well as its own operations, based on the ESRS requirements, and supplemented this with industry information, stakeholder input and internal risk, transaction and portfolio analyses.

- **Own business activities:** Coverage of impacts, opportunities and risks arising from the organisation's own operations and management activities, in particular the consumption of operational resources and emissions resulting from service activities across the asset classes, including physical and transition risks relating to the assets under management, as well as governance and business conduct/compliance, the company's own workforce, management of business partners and outsourcing, information security and data management.
- **Upstream value chain:** Coverage of impacts, risks and opportunities relating to the workforce within the value chain, as well as to suppliers and service providers throughout procurement, project development and implementation (e.g. construction and fit-out contractors, project developers, designers/engineers, surveyors, operators/facility partners, infrastructure suppliers).
- **Downstream value chain:** Coverage of the impacts, risks and opportunities arising from the use, operation, maintenance/modernisation and, where applicable, end-of-life of the assets, as well as from the relevant relationships (e.g. tenants/users, airlines as lessees, maintenance/operations service providers and other operational partners).

Process steps and decision-making framework

1. **Preparation and context-setting:** Determination of the reporting boundary (own operations and relevant parts of the value chain), definition of the reporting units, and establishment of the assessment criteria for impact materiality and financial materiality.
2. **Longlist of topics and mapping:** Derivation of a longlist of matters based on ESRS requirements, sector-specific ESG drivers for real assets and internal experience; allocation of matters to own business activities or to upstream/downstream segments by asset class
3. **Inputs/data sources and assumptions:** Consolidation of internal inputs (including ESG due diligence, risk and asset reports, incidents and lessons learned) as well as governance inputs (ESG Office/ESG Executive Committee) and external inputs (e.g. industry associations, regulatory developments, investor expectations and external expert opinions)
4. **Assessment and prioritisation:** Preliminary assessment by matter/asset class, followed by prioritisation based on defined criteria and thresholds for impact and financial materiality; consolidation into an IRO/matter matrix
5. **Validation and documentation:** Checking the plausibility of the results using relevant functions

Assessment and prioritisation of impacts: Severity and likelihood of occurrence; consideration of prevention, mitigation and remedial action; consideration of areas with an increased risk of adverse impacts
KGAL uses a scoring model to prioritise IROs. Criteria, scales and thresholds are defined for both impact materiality and financial materiality; impacts, risks and opportunities classified as material determine the scope of the reporting. In doing so, existing or planned measures aimed at prevention, mitigation and remedial action (e.g. refurbishment measures in the building sector to reduce emissions, or insurance cover against physical risks) are also taken into account in order to realistically assess the remaining materiality.

KGAL's upstream and downstream value chains, as well as its own operations, are assessed separately on the basis of impact materiality and financial materiality, using a combination of qualitative and quantitative criteria and thresholds. On this basis, KGAL has drawn up two shortlists of material sustainability matters, which identify the positive and negative impacts caused by KGAL, as well as the material financial opportunities and risks.

In addition to the impacts, KGAL also considers dependencies on natural, social and economic conditions that may give rise to risks or opportunities (e.g. climate- and location-based factors, energy and grid connections, availability of land for renewable energy, and the capacity of service providers). As part of the assessment, these dependencies are assigned to the relevant matters or asset classes and taken into account when prioritising.

KGAL's criteria for impact materiality

Assessment element	Negative impacts (actual and potential)	Positive impacts (actual and potential)	Assessment/scale
Severity	Severity of the negative impact (e.g. carbon footprint, social impact)	Severity of the positive impact (e.g. carbon reduction, clean energy)	1–5
Scope/reach	Scope of impact (people, organisations, ecosystems)	Scope of benefit (people, organisations, ecosystems)	1–5
Irreversibility	Taking into account whether and how quickly a negative impact can be reversed or remedied	Not applied	1–5 (negative only)
Probability	Likelihood of occurrence, assuming current processes and contexts	Likelihood of occurrence, assuming current processes and contexts	0–0.9
Time horizon	Short-, medium- and long-term impact outlook	Short-, medium- and long-term impact outlook	Qualitative classification

Areas with an increased risk of adverse impacts are examined in detail, for example:

- Projects or assets involving a higher level of intervention (e.g. construction or refurbishment works, large-scale infrastructure),
- specific business relationships (e.g. operator and supply chain arrangements) and
- geographical/location-based risk indicators (e.g. ecosystem sensitivity, physical climate risks)

Threshold values for impact materiality
A matter is considered material and therefore subject to disclosure if:

1. the aggregate score for each (sub-)topic reaches the threshold of ≥25, or
2. in accordance with the 'low probability – high severity' principle (e.g. in the case of serious human rights issues or environmental impacts), materiality exists despite the low probability of occurrence; or
3. statutory or reputational drivers give rise to materiality (e.g. foreseeable regulatory non-compliance or significant compliance/governance implications).

KGAL's assessment criteria for financial materiality

Assessment element	Risks	Opportunities	Assessment/scale
Severity	Potential financial implication (e.g. claims costs, reductions in value, higher OpEx/CapEx, rising financing costs, EBIT/cash flow exposure)	Potential financial benefit (e.g. higher revenue/fees, increase in value, better exit prospects, lower costs, more favourable financing terms, higher capacity utilisation/demand)	1–5
Likelihood	Likelihood of occurrence, assuming current processes and operating conditions	Likelihood of occurrence, assuming current processes and operating conditions	0–0.9
Time horizon	Short-, medium- and long-term perspective (e.g. 1–2 / 3–5 / >5 years)	Short-, medium- and long-term perspective	Qualitative classification
Relevant financial drivers	e.g. valuation/residual values, insurability, operating costs, CapEx, refinancing, regulatory costs, fees	e.g. cash inflows/product demand, exit premiums, cost reductions, market access, financing advantages	Qualitative classification
Dependencies	e.g. energy/grid connectivity, location-related factors, supplier/service provider performance, regulatory stability	e.g. land availability, planning permission feasibility, technological progress, market/investor demand	Qualitative classification

KGAL's financial materiality assessment criteria
At KGAL, financial materiality arises in particular from the link between ESG-related drivers and company-specific financial effects (e.g. on cash flows, assets, financing costs or contributions to profit). Relevant drivers include, amongst others:

- physical risks (e.g. extreme weather events affecting assets, flood risks at real estate sites, lightning strikes and severe weather risks at wind turbines)
- transition risks (e.g. carbon pricing, energy efficiency refurbishment obligations, regulatory requirements such as the GEG)
- reputational risks (e.g. criticism from stakeholders, negative media coverage)
- governance and compliance risks (e.g. requirements and reporting obligations relating to sustainable fund products)
- financial opportunities (e.g. growing demand for Taxonomy-aligned products; value and exit opportunities arising from sustainable and energy-efficient properties)

The materiality assessment specifically examines,

- how ESG factors can lead to costs, losses in value, reduced returns or, conversely, to market opportunities and economic benefits, and
- how dependencies (e.g. the availability of suitable land for the expansion of renewable energy) give rise to risks and opportunities.

Financial materiality thresholds
A matter is considered material and therefore subject to disclosure if:

1. the aggregate score for each (sub-)topic reaches the threshold of ≥5, or
2. materiality exists in accordance with the 'low probability – high severity' principle (e.g. in the case of serious financial implications), despite the low probability of occurrence, or
3. statutory or reputational drivers give rise to materiality (e.g. foreseeable regulatory non-compliance or significant compliance/governance implications).

To support the assessment of physical climate risks, the assets are also monitored using a climate risk tool. The insights gained are incorporated into the identification and prioritisation of risks, and into further risk management.

Link to sustainability due diligence and the involvement of relevant stakeholders
The materiality assessment is embedded in governance and management processes and is underpinned by due diligence procedures. These include, in particular, the ESG due diligence embedded in the investment process and the risk-based assessment of ESG factors as part of the investment decision-making process and during ongoing monitoring.

Consultation and dialogue
KGAL systematically involves a broad range of stakeholder groups and external expertise in its materiality assessment in order to ensure that perspectives relevant to impact and governance are taken into account.

Investor dialogues:

- Regular consultation with and surveys of institutional and private investors to identify ESG expectations regarding product design, transparency and impact
- The results are incorporated into ESG risk profiles and prioritisation.

Local authorities and local residents in relation to infrastructure projects:

- Public engagement throughout the project lifecycle for wind and solar farms – such as information events, public consultation sessions or surveys
- Local concerns (e.g. land use, noise pollution, shadow cast) are recorded and fed back into the site and planning assessment.

Tenant and user surveys:

- In the field of real estate investments, discussions take place on matters such as energy efficiency, user comfort, accessibility and security.
- Feedback is incorporated into building management and sustainability measures.

In-house workshops and specialist groups:

- Staff from ESG, Asset Management, Transaction Management, Risk Management, Client Management and Project Management identify priority areas and areas of risk and opportunity, for example during regular coordination meetings.
- The results are aggregated by the ESG Office.

External expertise:

- Where necessary – for example, in the event of regulatory changes or technical queries on matters such as the CSRD, the EU Taxonomy, energy standards or biodiversity – external consultancy services are engaged. Their assessments provide a sound technical complement to the internal analyses.

The findings from due diligence, stakeholder feedback and expert assessments are incorporated into the assessment and prioritisation and, where relevant, into the development of management measures.

Material impacts, risks and opportunities

The following material impacts, risks and opportunities have been identified on the basis of the methodology outlined above and in accordance with the principle of double materiality. Identification and assessment were carried out through a systematic prioritisation of matters, taking into account the company's own insights, relevant ESG frameworks and the perspectives of relevant stakeholders. The matrix covers both actual and potential impacts, risks and opportunities across the organisation's own business activities, as well as the upstream and downstream value chain.

As a result of the materiality assessment, the following five sustainability matters were identified as material for KGAL:
1. Climate mitigation, energy and climate adaptation
2. Biodiversity and ecosystems
3. Own workforce
4. Workforce in the value chain
5. Governance

As a real-asset investment and asset manager, KGAL's material impacts arise primarily from the operation and development of real estate and infrastructure projects, as well as from the downstream activities of airlines and other partners. Climate mitigation, energy and climate adaptation form the core focus area — both in terms of the direct carbon footprint of the assets under management and with regard to physical climate risks, transition risks and regulatory requirements. Closely linked to this is the sustainability matter of biodiversity: land use and site selection can have an adverse impact on local ecosystems, but at the same time offer opportunities for nature-friendly enhancement. When considering the people within the company and throughout the value chain, occupational safety, human rights and access to skilled workers are particularly important. In the area of governance, ESG transparency, the prevention of corruption and adherence to compliance requirements are the key areas of focus.

Materiality matrix

ESG

Description of the material potential and actual impacts, risks and opportunities

Type: Impact, risk, opportunity	Type of impact, risk or opportunity	Time horizon	Sustainability matter concerned	Value chain (own operations/upstream/downstream)	Dependencies (if applicable)
CLIMATE MITIGATION, ENERGY AND CLIMATE ADAPTATION					
Actual negative impacts	Energy consumption and CO_2 emissions from the operation of real estate	Short, medium and long term	Climate change and energy	Own operations and downstream	
Actual negative impacts	Energy consumption and CO_2 emissions from aircraft operations	Short, medium and long term	Climate change and energy	Handled by airlines	
Actual positive impacts	Provision of renewable and low-carbon energy (electricity/ storage) and, consequently, CO_2 reduction	Short, medium and long term	Climate change and energy	Own operations and downstream use	
Potential opportunity	Energy efficiency and real estate refurbishment can increase the value of assets and reduce costs.	Medium and long term	Climate change and energy	Own operations and downstream	Market demand, availability of budgets for refurbishment
Potential opportunity	Scaling up Taxonomy-aligned products (Articles 8 and 9; renewable energy, energy-efficient buildings)	Short, medium and long term	Climate change and governance	Own operations and downstream	Market demand, investor preferences
Potential risk	Transition risks associated with the production of SAF due to early-mover status (particularly off-takers)	Short and medium term	Climate change and energy	Downstream	Sustainability regulation, off-takers
Potential risk	Stricter climate and energy requirements may lead to price reductions when aircraft are sold.	Medium and long term	Climate change	Downstream	Market demand, kerosene prices, integration of ESG into residual value reports
Potential opportunity and potential risk	The cost of debt can be structured in line with ESG criteria. This may have a positive or negative impact on the financial position of funds.	Medium and long term	Climate change and governance	Own operations, upstream and downstream	Sustainability regulation, banks' lending conditions relating to ESG factors
Potential risks and actual negative impacts that have already occurred	Physical climate risks, such as flooding, heat and storms, affect asset values and performance	Medium and long term	Climate adaptation	Own operations	Asset location (geological risk), insurability/ premiums, infrastructure resilience
BIODIVERSITY AND ECOSYSTEMS					
Actual negative impacts	Land use and soil sealing resulting from construction and operational activities (real estate, infrastructure) adversely affect local ecosystems and habitat quality.	Short, medium and long term	Biodiversity and ecosystems	Own operations and upstream (construction/development)	Site sensitivity, proximity to protected areas, intensity of intervention
Potential risks	Biodiversity-related regulatory and reputational risks associated with projects in sensitive locations (e.g. Natura 2000 sites, protected areas) may lead to delays in obtaining permits or reductions in value.	Medium and long term	Biodiversity and ecosystems	Own operations and upstream	Site due diligence, environmental permits, stricter regulatory requirements (e.g. the EU's Nature Restoration Law)
Potential opportunity	Nature-friendly site design and land enhancement (e.g. landscaping, ecological restoration) can have a positive impact on asset quality and investor preferences.	Medium and long term	Biodiversity and ecosystems	Own operations and downstream	Market demand, investor preferences, biodiversity-related certifications

Type: Impact, risk, opportunity	Type of impact, risk or opportunity	Time horizon	Sustainability matter concerned	Value chain (own operations/upstream/downstream)	Dependencies (if applicable)
OWN WORKFORCE					
Potential opportunities	Competitive advantage through strong ESG and real asset expertise	Short, medium and long term	Own workforce	Own operations	Employer attractiveness, access to skilled workers and internal training programmes
Potential risks	Skills shortages, high workloads and compliance breaches can lead to financial risks.	Short, medium and long term	Own workforce	Own operations	Access to qualified staff, culture of compliance, prevention
Actual positive impacts	Very low employee turnover	Short, medium and long term	Own workforce	Own operations	
WORKFORCE IN THE VALUE CHAIN					
Potential risks	Health, safety and human rights risks (forced labour)	Short and medium term	Workforce in the value chain	Upstream and downstream	Traceability, auditability, countries of origin
Actual negative impact	Accidents sometimes occur on construction sites and during the maintenance of energy-generating facilities; in isolated cases, these can even result in fatalities.	Short, medium and long term	Workforce in the value chain	Upstream and downstream	Monitoring and ensuring compliance with statutory health and safety regulations among subcontractors
GOVERNANCE					
Potential risks	Health, safety and human rights risks (forced labour)	Short and medium term	Workforce in the value chain	Upstream and downstream	Traceability, auditability, countries of origin
Actual negative impact	Accidents sometimes occur on construction sites and during the maintenance of energy-generating facilities; in isolated cases, these can even result in fatalities.	Short, medium and long term	Workforce in the value chain	Upstream and downstream	Monitoring and ensuring compliance with statutory health and safety regulations among subcontractors
Potential risks	Reputational risk arising from insufficient ESG transparency or breaches by partners	Short, medium and long term	Governance, own workforce/value chain	Own operations, upstream and downstream	Supplier compliance, disclosure, third-party ratings
Potential opportunity	ESG transparency and impact reporting beyond the legal requirements	Short, medium and long term	Governance	Own operations and downstream	Recording and digitisation of all assets and environmental impacts
Potential risk	The risks of corruption can have significant financial consequences.	Short, medium and long term	Governance	Own operations, upstream and downstream	Implementation of anti-corruption measures, prevention, compliance

General disclosures regarding policies, measures, metrics and targets

In this section, we explain how KGAL manages sustainability.

First, we describe the principles and policies through which environmental, social and governance matters are firmly embedded. We will then outline the measures and resources used to put these guidelines into practice – throughout our value chain and across our portfolios. We then set out the metrics we use to measure our progress and effectiveness in a transparent manner. Finally, we set targets with clear baselines and deadlines against which our performance can be measured on an annual basis. The information is based on company-wide policies, product- and asset-class-specific requirements and internal processes (e.g. compliance, complaints management and audit).

Principles and policies

Our principles and policies set out how we manage environmental, social and governance matters. They set out responsibilities, minimum requirements and exclusion criteria, and apply company-wide and to all relevant products and assets. This creates a clear framework for day-to-day business decisions.

Information on existing policies and strategies for managing impacts, opportunities and risks

- **Company-wide ESG principles and strategy**
  A binding framework covering environmental, social and governance matters; responsibilities lie with the Management Board, the ESG Executive Committee and the ESG Office.
- **Responsible Investment Policy – Real Estate asset class**
  Sustainability assessment prior to acquisition, use of recognised decarbonisation pathways for buildings (CRREM), planned transition measures and data collection during operation.
- **Responsible Investment Policy – Sustainable Infrastructure asset class**
  Focus on renewable energy and green hydrogen projects; clear exclusion criteria (e.g. fossil fuels, weapons, gambling).
- **EU Sustainable Finance Disclosure Regulation (SFDR)**
  Explanation of how sustainability risks are taken into account and how products are categorised in accordance with Articles 8 and 9.
- **Code of Conduct (not public)**
  Rules on integrity, anti-corruption, data protection, whistleblowing and regulatory obligations.
- **Code of Conduct for Business Partners – Process (not public)**
  Commitment by key partners to recognised human rights and labour standards (e.g. UN Guiding Principles, ILO core standards); to be used as an annex to the contract or a side letter, including a verification and escalation procedure.
- **Minimum safeguards and good governance (SFDR/Taxonomy) (not public)**
  Human rights due diligence process (identification of risks, measures, monitoring, communication).
- **Guideline on SFDR product classification (not for public release)**
  Clear minimum requirements:
  - **Article 8 funds:** Environmental and social criteria apply to at least 75 per cent of investments (measured against total investment costs)
  - **Article 9 funds:** At least 90 per cent of investments are structured as 'sustainable investments'; permitted liquidity reserve of up to 10 per cent
  - Use of recognised climate pathways for buildings and climate risk analyses
- **Principles of sustainable procurement (not public)**
  Requirements for suppliers regarding human rights, environment protection and working conditions; guidance on certification schemes (e.g. FSC, PEFC, EU Ecolabel).
- **Compliance Manual (not public)**
  Guidelines on, amongst other things, conflicts of interest, complaints management, money laundering and fraud prevention, and data protection.

When defining its human rights-related due diligence obligations and identifying human rights impacts within the value chain, KGAL consistently adheres to key international frameworks such as the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. KGAL effectively addresses human rights matters through existing group-wide policies and processes (e.g. conduct and integrity requirements, requirements for business partners, and ESG and due diligence processes), even though there is currently no separate, explicit group-wide policy on an 'overarching human rights policy'. The stakeholder groups concerned include the company's own workforce as well as the workforce in the value chain. Furthermore, depending on the investment and asset context, affected communities may also be impacted in relation to the assets under management; these are taken into account as part of the relevant due diligence and asset management processes.

Measures and resources

Here we explain how we put these policies into practice on a day-to-day basis: through processes relating to due diligence and procurement, through collaboration with partners, through programme and fund requirements, and through training, systems and budgets. Responsibilities, timetables and escalation procedures are clearly defined to ensure that the measures are effective and sustainable.

Due diligence and minimum safeguards based on the OECD Guidelines

- **Human rights due diligence process (supply and value chain)**
  A systematic risk analysis (sector, country, company) is carried out prior to transactions. Serious risks are prioritised, and measures are identified and monitored. Stakeholder groups are involved and redress is provided where necessary.

- **Binding requirements for business partners (Code of Conduct)**
  Inclusion of the Business Partner Code of Conduct as an annex to the contract; escalation via the ESG Office/Legal Department in the event of non-compliance.

- **Sustainable procurement within own operations**
  Defined environmental and social criteria (ILO, anti-corruption) as well as certification schemes (e.g. FSC/PEFC/EU Ecolabel) are taken into account in relevant product groups. In the event of breaches, clear consequences will be imposed, up to and including termination of the contract.

Product/portfolio implementation (SFDR/ESG)

- **Implementation at product level (SFDR)**
  - **Article 8:** Establishment of measurable indicators for environmental and social characteristics; these are generally applied to at least 75 per cent of investments.
  - **Article 9:** Evidence of a positive contribution to sustainability goals (e.g. renewable energy, affordable housing, climate mitigation); no significant adverse impact on other environmental or social goals; compliance with minimum social and governance standards; a minimum of 90 per cent of investments must be sustainable.

- **Asset-specific levers**
  - **Real Estate:** Assessment based on recognised decarbonisation pathways for buildings (CRREM), refurbishment roadmaps, expansion of 'Green Lease' clauses, certifications
  - **Sustainable Infrastructure:** Standards for electricity generation, installed capacity and emissions avoided; evidence relating to the EU Taxonomy, where possible
  - **Aviation:** Dialogue with lessees on sustainable aviation fuel and environmental and social matters; end-of-life processes in accordance with AFRA best practice

Governance, compliance and resources

- **Risk tools and organisation**
  Climate risk analyses for asset locations (e.g. maps and data from Munich Re), use of building pathways, ESG data collection for each fund and ESG due diligence prior to transactions, risk reports to Management Board.

- **Compliance Programme (KAGB/AIFM, KAMaRisk) and Compliance Manual (v5.0)**
  Procedures relating to conflicts of interest, complaints, anti-money laundering and fraud prevention (KYC, sanctions lists, PEPs, reporting procedures), data protection, audit planning and monitoring of measures.

Metrics

Our metrics make it possible to measure progress and impacts. They cover the product, portfolio and corporate levels and include, for example, the use of sustainability characteristics, energy and emissions metrics, supply chains and compliance indicators.

Product level (disclosure under EU law)

- Proportion of investments to which the environmental and social characteristics of an Article 8 fund are actually applied (target: at least 75 per cent, measured against total investment costs)
- Proportion of 'sustainable investments' in Article 9 funds (target: at least 90 per cent).

Climate and energy (real estate)

- Building energy consumption and greenhouse gas emissions
- Proportion of properties that are on track to meet the targets of a recognised decarbonisation model for buildings
- Coverage of location-based climate risk analyses (physical risks) within the portfolio.

Sustainable infrastructure

- Installed capacity (megawatts), annual electricity generation (MWh), greenhouse gas emissions avoided (tCO_2 equivalents) by plant/fund

Supply chain and business partners

- Proportion of key business partners with an agreed Business Partner Code of Conduct, number of escalation cases and their resolution rate.

Governance and compliance

- Participation rate in mandatory training
- Number and processing time of complaints

Data quality:

- Where primary data is lacking, well-founded estimates are used, whilst at the same time the collection of primary data (e.g. metering, contractual obligations) is being expanded.

Targets

Our targets set the course. They include baseline values and target dates. We use these milestones to assess our performance on an annual basis. Where appropriate, we link targets to improvement plans and resources to ensure that progress can be planned and monitored.

Products:

- **Article 8 funds:** Application of environmental and social characteristics to at least 75 per cent of investments no later than four years after the first investment.

- **Article 9 funds:** At least 90 per cent of sustainable investments (measured against total investment costs); no significant adverse impact on other targets (DNSH via PAI/Taxonomy); liquidity ≤10%.

Report section

2 *Climate change*

Climate change

For KGAL, climate change is not a vague issue for the future, but a current management priority. It determines the resilience of assets, the predictability of cash flows and the credibility of performance commitments to investors. As an asset manager focused on real estate, sustainable infrastructure and aviation, KGAL operates at the intersection between capital, physical assets and regulation. Climate impacts, risks and opportunities have a direct influence on value creation. For this reason, we attach significant importance to this issue from a double materiality perspective.

Following the approach set out in ESRS E1, we examine climate change from the three perspectives of **climate mitigation, climate adaptation and energy**: for us, climate mitigation means actively reducing greenhouse gas emissions across all areas where we can exert influence – from our own business activities and the operational management of our assets through to investment decisions and stewardship activities relating to the investments we finance. In the Sustainable Infrastructure asset class, for example, KGAL contributes to replacing high-emission fossil fuel-based power generation through the production of renewable electricity. We address climate adaptation to climate change by systematically increasing the physical resilience of our assets. In doing so, we take into account both acute risks such as flooding and storms, and chronic stresses caused by heat and drought, when making our investment and asset management decisions. Energy connects the two perspectives of climate mitigation and climate adaptation: consumption, production, the energy mix and the energy sources all influence emissions intensity, resilience and cost pathways equally.

KGAL reports on material climate-related impacts, risks and opportunities across all areas where we can exert influence – from our own business activities, through the operational management of the real assets we manage in the Real Estate and Sustainable Infrastructure asset classes, to the investments we finance in the Aviation asset class. The methodological basis for the emissions follows the GHG Protocol and PCAF Part A.

From this materiality perspective, we have identified three key dimensions of impact for KGAL as an asset manager: **transition risks** arising from regulation, the carbon pricing, energy standards and shifts in demand; **physical risks** arising from acute and chronic climate impacts on assets; and **opportunities** arising from the appreciation in value of resilient and energy-efficient assets and growing demand for sustainable investment products. These dimensions affect the financial performance of our business over the short, medium and long term, and are systematically taken into account in our investment and asset management processes.

KGAL structures its climate-related disclosures to ensure that aggregation and disaggregation are consistently aligned:

- **Consolidated overview** (own business activities + all asset classes under management)
- Breakdown by **asset classes: Real Estate, Sustainable Infrastructure, Aviation**

For each relevant disclosure (energy consumption, Scope 1/2/3 emissions), the data is prepared in such a way as to enable consistent aggregation without double-counting, whilst ensuring that methodological differences between asset classes (data sources, assumptions, measurement and estimation methods) are made transparent.

Matrix of material impacts, risks and opportunities by asset class: climate change

Asset classes	Material impacts/risks/opportunities	At what stage of the value chain?	Stakeholder groups affected
Real Estate	**Actual/potential negative impact:** Greenhouse gas emissions from building operations 30,061.69 tCO_2e **Transition risk:** Regulatory efficiency and restructuring obligations, rise in capital expenditure, CO_2 costs, 'stranded' assets **Physical risk:** Flooding, heavy rain, heat, storms → damage/disruption, insurability **Opportunity:** Maintaining or increasing market value and tenant appeal/reduced risk of vacancy through refurbishment, energy-efficient and sustainable buildings, and compliance with Taxonomy and SFDR requirements	Own operations (O&M), downstream in use/operation (tenants), upstream under construction/refurbishment	Investors, tenants/occupiers, insurers, local authorities/regulators, service providers
Aviation	**Actual/potential negative impact:** Financed Scope 3 emissions from flight operations (294,548.44 tCO_2e) **Transition risk:** Regulation (e.g. SAF blending rates, ETS/CORSIA), shifts in demand, residual value risks, financing costs **Physical risk:** Extreme weather conditions → operational disruptions, increased maintenance/damage **Opportunity:** Value benefits of more efficient fleets and technologies; demand for more modern and efficient assets	Downstream (airlines/maintenance), upstream (manufacturer's supply chain – indirectly)	Investors, lessees/airlines, regulators, insurers, airports, business partners
Sustainable Infrastructure	**Actual positive impact:** Contribution to the supply of renewable energy (2,533,392.89 MWh) and the avoidance of emissions (602,062.95 tCO_2e) **Actual negative impacts:** Greenhouse gas emissions from auxiliary power generation and downstream emissions from the plants (29,813.38 tCO_2e) **Physical risk:** Storms/lightning strikes/heat/hand subsidence/ power cuts → risks to yield and damage; Transition risk: Regulatory, grid connection, market price and regulatory compliance risks **Opportunity:** Growing demand, stable cash flows, access to sustainable financing, revenue from portfolio expansion, e.g. hydrogen and storage	Own operations (O&M), downstream (feed-in/off-take)	Investors, grid operators/off-takers, regulators, local communities, insurers, service providers
Own business operations	**Actual negative impact:** Emissions from our own sites, business travel, and purchased goods and services (1,269.61 tCO_2e) **Transition risk:** Rising energy prices/CO_2 costs, reporting and compliance burdens, requirements from investors/clients **Opportunity:** Cost reduction through efficiency, reduced travel and enhanced employer appeal	Own business operations (locations/IT/travel/procurement)	Employees, investors/clients, regulators, service providers, the general public

Stakeholders' interests and perspectives
KGAL's management of climate-related matters is aligned with the expectations of the stakeholders who are central to its business model. These are identified through regular dialogue and are taken into account in strategy and portfolio decisions:

- **Investors** expect Paris Agreement-compatible reduction pathways, reliable target systems and transparent progress measurement – we address this in the Real Estate asset class through CRREM decarbonisation pathways, in Sustainable Infrastructure through installed capacity and emissions avoided, and in Aviation through efficiency metrics for each aircraft type.

- **Tenants and operators** expect energy-efficient and reliable assets with predictable energy costs – we take this into account in our energy audits and long-term ESG refurbishment roadmaps, as well as in the inclusion of Green Lease clauses and agreements on the purchase of green electricity in our contracts.

- **Service providers and suppliers** need clear ESG requirements relating to data access, HSE standards and sustainability management – these are embedded in our selection and procurement processes.

- **Supervisory authorities** expect compliance with sector-specific climate targets – KGAL ensures this through an integrated compliance and reporting system that covers ESRS, SFDR and EU Taxonomy requirements.

Adaptation to climate change and energy as a unifying factor are taken into account in all four stakeholder perspectives: resilience requirements arising from acute and chronic climate risks are factored into site selection decisions, action plans and discussions with insurers; energy consumption, energy sources and procurement channels (such as guarantees of origin and PPAs) are systematically integrated into investment and asset management decisions.

Material impacts, risks and opportunities and their interaction with strategy and the business model
As an asset manager in the Real Estate, Sustainable Infrastructure and Aviation asset classes, KGAL directly links climate issues to the return and value drivers of its portfolios and fund products. In line with the double materiality approach, we consider both the financial risks and opportunities posed by climate change to KGAL (outside-in), and the impact that KGAL's investment and asset management decisions have on the climate (inside-out).

Climate mitigation measures influence investment decisions throughout the entire asset lifecycle – acquisition, refurbishment, repowering, fleet upgrades – as well as product design in relation to SFDR Articles 6, 8 and 9. The need for climate adaptation has an impact on operating costs, availability, insurability and market values of assets. The energy mix affects both decarbonisation and the emissions balance.

Specifically, the following segment-specific impact, risk and opportunity profiles emerge:

- **Real Estate:** The preservation of real estate values depends, amongst other things, on decarbonisation and physical resilience to climate risks. Inefficient properties carry the risk of stranding or misalignment with CRREM, whilst energy-efficient properties offer opportunities for value preservation and appreciation. KGAL is addressing this by developing a robust Real Estate ESG data platform containing up-to-date consumption data for all properties. Data transparency is being continuously refined through the roll-out of (sub-)smart metering, energy management systems and a platform for all real estate, financial and ESG data.

  An ESG due diligence assessment is carried out for every acquisition, following which property-specific energy audits and long-term ESG refurbishment roadmaps are drawn up. Taking into account economic, staffing and time-related factors, we draw up a long-term plan for optimisation measures and incorporate these into the property's business plan, including assessing building management system optimisation, carrying out hydraulic balancing of the heating system, reviewing the district heating connection capacity and switching to green electricity. As an asset manager, KGAL has the greatest influence on energy consumption and emissions, particularly in relation to communal areas. However, there are also opportunities to reduce energy consumption and emissions through active collaboration with and advice for commercial tenants.

- **Sustainable Infrastructure:** Renewable generation, battery storage and, in the long term, green hydrogen and hydrogen derivatives are the key levers for replacing high-emission generation. Opportunities arise from the stability of long-term PPAs and the growing demand for Taxonomy-aligned investments; risks stem from approval procedures, grid connection and technology cycles. KGAL's climate impact stems from its contribution to the energy transition, which is quantified through the avoided emissions associated with its financed activities.

- **Aviation:** The efficiency of the aircraft fleet and its future SAF readiness determine costs, residual values and, consequently, the marketability of the aircraft. Risks arise from increasingly stringent regulatory frameworks (expansion of the EU ETS, ReFuelEU Aviation, CORSIA) and from a potential acceleration of the energy transition in the aviation sector; opportunities arise from investment in modern, efficient aircraft types and from stewardship activities with lessees regarding efficiency and SAF strategies. KGAL's climate impact arises indirectly through financed aviation emissions.

Roles, responsibilities and monitoring
At KGAL, responsibility for climate-related matters is organised on a two-tier basis: strategic oversight is provided by the Management Board and the ESG Executive Committee, whilst operational implementation is carried out by the portfolio and asset management teams.

At a strategic level, the **ESG Executive Committee –** comprising members of the Management Board and divisional heads – defines the key thematic priorities for the three ESRS-E1 perspectives – climate mitigation, climate adaptation and energy – and approves strategies, action plans and targets for the three asset classes. The **ESG Office** prepares decisions, consolidates key climate-related information from Real Estate, Sustainable Infrastructure and Aviation, and ensures that reports are submitted to management and supervisory bodies. This reporting is carried out using well-established formats and covers the achievement of targets, variance analyses, regulatory developments and significant climate-related risks and opportunities. Material deviations or newly identified climate-related risks are escalated on an ad hoc basis.

At an operational level, the **portfolio and asset management teams** are responsible for the practical implementation within the funds. At Investment Committee meetings, climate considerations are systematically factored into investment and divestment decisions – in Real Estate through an assessment of CRREM alignment; in Sustainable Infrastructure through installed capacity and emissions avoided; and in Aviation through efficiency profiles for each aircraft type and future SAF readiness. Climate-related risks are also integrated into KGAL's overarching risk management framework, where they are assessed on a consolidated basis.

Expertise in climate-related governance issues is ensured through regular training for the portfolio, asset management and ESG functions, as well as by drawing on external expertise. KGAL is a member of industry-related initiatives, whose methodological standards are integrated into its governance processes.

Duties of care

KGAL systematically integrates climate-related due diligence requirements into all its investment and asset management processes. The due diligence framework is based on the five core elements set out in the OECD Due Diligence Guidance for Responsible Business Conduct and ESRS. The table below shows where the key elements are set out in this report:

Element of due diligence	Brief description
Integration into governance and strategy	Responsibilities within the ESG Executive Committee, Climate Strategy
Stakeholder engagement	Dialogue with investors, tenants, operators and regulatory stakeholders
Identification and assessment of significant impacts, risks and opportunities	Double materiality assessment, asset-specific ESG due diligence
Measures to address significant impacts and risks	Refurbishment, repowering, stewardship, engagement programmes
Effectiveness measurement and adjustment	Target-setting systems, KPIs, regular reporting to management bodies

As part of the identification and assessment phase, KGAL assesses the climate-related impacts and risks of each asset prior to acquisition as part of its ESG due diligence. The asset class-specific approach generally includes:

- **Real Estate:** CRREM decarbonisation pathway and energy efficiency assessments, energy performance certificate, review of data access (tenant/service provider agreements) and analysis of physical climate exposures using Munich Re Location Risk Intelligence.

- **Sustainable Infrastructure:** Assessment of technology and site assumptions, permitting and grid connection risks, and the emission and availability profiles of the generation plants.

- **Aviation:** Assessment of fleet and efficiency metrics, as well as the future SAF compatibility and regulatory exposure (EU ETS, ReFuelEU Aviation, CORSIA) of the financed aircraft.

Climate-related impacts and risks are monitored on an ongoing basis as part of portfolio management; any significant deviations are incorporated into reports to management bodies.

Climate mitigation transition plan

During the reporting year, there was no formalised, company-wide transition plan as defined by ESRS E1-1. Climate-related governance is implemented through existing investment, portfolio and asset management processes, product-specific sustainability requirements (in particular under SFDR Articles 8 and 9) and action programmes at asset level. KGAL is currently assessing whether, and in what form, a consolidated transition plan should be developed, taking into account the different management approaches and data availability across the asset classes of Real Estate, Sustainable Infrastructure and Aviation.

Irrespective of this, KGAL is already pursuing specific climate-related mitigation strategies at asset class level, which are embedded in its asset management processes:

- **Real Estate:** CRREM compatibility in conjunction with energy performance certificates as a key management tool, energy-efficiency refurbishment and modernisation measures, the development of climate mitigation plans as part of the building certification process, dialogue with tenants and the reduction of operational emissions.

- **Sustainable Infrastructure:** Expansion and optimisation of the existing renewable generation capacity, optimisation of plant operations, future expansion to include battery storage and green hydrogen, and strengthening physical resilience to climate risks.

- **Aviation:** Portfolio management based on efficiency parameters (e.g. engine technology), taking into account regulatory transition risks (EU ETS, ReFuelEU Aviation, CORSIA), and engaging in stewardship dialogue with lessees on efficiency and SAF strategies.

- **Own business operations:** The use of certified green electricity at KGAL's sites, efficiency measures in IT and building services, a sustainable travel policy prioritising rail journeys, and the promotion of low-emission commuting options.

Identification of climate-related risks and scenario analysis

Classification of key climate-related risks (physical vs. transitional)
KGAL classifies each material climate-related risk identified as part of the materiality assessment as either a physical risk or a transition risk. Classification is carried out by asset class (Real Estate, Sustainable Infrastructure, Aviation), by regulated fund and for the company's own operations. In the overview below, the predominant types of risk are listed first:

Area	Predominant type of risk	Typical characteristics
Real Estate	Physical risks	Heavy rain, flooding, heat; in addition, in some cases, transition risks arising from energy efficiency and refurbishment obligations, as well as carbon costs
Sustainable Infrastructure	Physical risks	Storms, lightning strikes, heat and ground subsidence caused by drought and falling groundwater levels; in addition, transition risks arising from regulation, market shifts and grid connection
Aviation	Transition risks	Regulatory requirements (EU ETS, ReFuelEU Aviation, CORSIA), market shifts; in addition, physical risks arising from extreme weather events causing operational disruptions for lessees
Own business operations	Transition risks	Energy prices, carbon costs, regulatory reporting requirements; in addition, location-based physical events

Methodology for assessing exposure and sensitivity
In addition to the general elements of materiality assessment, KGAL discloses how it assesses the extent to which assets and business activities – within its own operations as well as in the upstream and downstream value chain – are exposed to climate-related risks, as well as transition events and trends, over short-, medium- and long-term time horizons (exposure) and how sensitive they are to these (sensitivity).

The valuation is carried out on an asset class basis and is subsequently consolidated into an overall view. It comprises four methodological steps:

1. **Identification of relevant climate hazards and transitional events** for each time horizon, and assessment of assets and business activities for exposure to these hazards or events.

2. **Assessment of exposure and sensitivity:** Taking into account the probability of occurrence, severity and duration of the identified hazards or events and – in the case of physical risks – the specific location-based factors and interdependencies within the value chain (operator, energy supply, grid connection, maintenance).

3. **Aggregation and consolidation:** Reconciliation of the asset-class-based results into a consolidated overview, including the company's own business activities, with consistent delineation and avoidance of double counting.

4. **Governance of the evaluation:** Integration of the functions of portfolio management, asset management, risk management, ESG and compliance through the relevant committees.

The asset class-specific data basis varies according to the respective management approach:

- **Real Estate:** Location- and building-specific information, energy and emissions data (ESG service provider agradblue using the whole-building approach), CRREM analyses and physical climate risk assessment using Location Risk Intelligence.

- **Sustainable Infrastructure:** Site and plant parameters, availability and yield data (data provider: ISS ESG), exposure to weather and natural hazards, grid and off-take conditions, and physical climate risk assessment using Location Risk Intelligence.

- **Aviation:** Portfolio and leasing structure, regulatory and market-based assumptions (in particular the expansion of the EU ETS, ReFuelEU Aviation and CORSIA), efficiency and technology parameters (data provider: Cirium EmeraldSky), as well as contract and residual value drivers.

- **Own business operations:** Energy consumption and energy mix, business travel, procured services, location and IT risks.

The key bodies responsible for risk assessment and reporting are the Investment Committee, which makes buying and selling decisions taking climate-related risks into account, and the annual Investment Committee meeting. Investors are provided with reports on climate-related risks on a quarterly basis and as required.

Scenario analysis
During the reporting year, KGAL did not carry out any independent, company-wide climate-related scenario analysis covering all asset classes and its own business activities. Such a company-wide scenario analysis is being considered as part of the ongoing development of climate management.

However, scenario-based elements are already incorporated into the risk analysis of the location-specific asset classes – Real Estate and Sustainable Infrastructure – through tool-supported, physical climate risk assessments. The tool uses IPCC-consistent climate scenarios (in particular RCP pathways according to IPCC AR5/AR6) to assess the physical exposure of individual sites to acute and chronic climate hazards. Valuation is carried out on an asset-by-asset basis over the medium- and long-term time horizons. For the Aviation asset class, this location-specific valuation does not apply; physical climate risks are taken into account here indirectly through potential operational disruptions affecting lessees.

A systematic scenario analysis covering a broad range of transition risks (in particular relating to regulatory, carbon pricing and technology pathways) was not carried out during the current reporting year. Transition risks are currently assessed on the basis of qualitative assessments and sector-specific regulatory assumptions (EU ETS expansion, ReFuelEU Aviation, CORSIA, EU Buildings Directive).

Resilience of business strategy and business model in the face of climate change

During the reporting year, no comprehensive, formalised and company-wide 'climate resilience analysis' in the strict sense was carried out. Regardless of this, climate-related risk and resilience considerations are already being taken into account in existing processes such as investment and transaction due diligence, as well as risk and asset management, including climate-related risk assessments.

1. **Implications for strategy and business model:**

- KGAL has established a climate strategy that addresses the integration of climate-related objectives and risks. These include, amongst other things, a target framework for reducing emissions from investment activities (across all asset classes) as well as measures to further develop measurement and decarbonisation approaches, particularly in the Real Estate asset class.
- Emissions drivers (e.g. business travel, commuting) are identified within the company's own operations and addressed through reduction measures.

2. **Incorporation of results from scenario analyses:**

At present, scenario analysis is used selectively. Where scenario-based elements are used – for example, as part of physical climate risk analyses for sites or assets – they serve, in particular, to prioritise adaptation measures and to monitor risk within portfolios.

3. **Contribution of the transition plan, as well as climate mitigation and climate adaptation, to resilience**

As there is currently no formalised transition plan as defined by E1-1, the contribution to resilience is currently based on ongoing and planned mitigation and adaptation measures at asset class level (for example, decarbonisation and efficiency programmes in Real Estate, resilience-focused operations and maintenance approaches in Infrastructure, and transition risk management in Aviation), as well as on measures within the Group's own operations.

Key uncertainties in the assessment of climate resilience
KGAL's assessment of climate resilience is subject to methodological and data-related uncertainties, which are set out below:

Data availability and data quality by asset class: The data sources differ structurally across the asset classes (Real Estate via agradblue using the whole-building approach, Sustainable Infrastructure via ISS ESG, and Aviation via Cirium EmeraldSky). For Real Estate and Sustainable Infrastructure, there is a systematic reporting lag of between one and one and a half years due to delays in the receipt of utility bills; Aviation data is available in a timely manner. As a result, management measures become apparent in the balance sheet with a time lag.

Model and scenario uncertainties: Ranges of physical risk projections (IPCC climate scenarios), assumptions regarding policy and regulatory developments (in particular the EU Buildings Directive, ReFuelEU Aviation and the expansion of the EU ETS), as well as market and technological developments (SAF market penetration, heat pump availability and green hydrogen), result in valuation ranges.

Valuation uncertainties relating to asset values and cash flows: The timing and costs of adaptation and remediation measures, insurability in the face of increasing physical risk exposure, regulatory path dependencies and valuation effects on market values and residual values are subject to considerable uncertainty.

Mandate and structural dependencies: KGAL's scope for influence depends on the structure of the fund and the mandate, the holding period of the assets, the extent to which the assets are contractually controllable (particularly in the case of operating lease structures in the aviation sector), and the non-consolidated status of the underlying special-purpose and asset-holding companies.

These uncertainties are addressed in the investment and asset management processes through ongoing risk monitoring, updates to the materiality assessment, and the methodological refinement of the underlying data and valuation models.

Ability to adapt strategy and business model
KGAL assesses its ability to adapt its strategy and business model to climate-related risks and opportunities over short-, medium- and long-term time horizons in accordance with ESRS 1.

Financial resources and their flexibility. As an asset manager, KGAL does not have on-balance-sheet capital available to finance adaptation or climate mitigation measures relating to the assets under management; such investments are financed through the respective fund and mandate structures, the underlying special-purpose and asset-holding companies, and through the creation of fund- or asset-specific reserves. As part of its ongoing fund management processes, KGAL has established mechanisms for the strategic allocation of resources and for initiating refurbishment, repowering and efficiency-enhancing investments, insofar as this is permitted under the relevant contracts and mandates. KGAL has budget and investment planning processes in place for its own business operations that take climate-related adaptation measures into account.

Reallocation, enhancement, repurposing and decommissioning of assets. Structural adaptability varies across asset classes: in the Real Estate, the key strategy for increasing value is through energy-efficiency refurbishments, modernisation and a switch to alternative energy sources (in particular heat pumps and district heating from renewable sources); for properties that can no longer be enhanced, sale may be considered as a management tool. In Sustainable Infrastructure, the focus is on technical upgrades (repowering wind and photovoltaic (PV) plants, adding storage capacity) and expanding the portfolio to include new technologies (battery storage, and green hydrogen in the long term). In Aviation, adaptability is achieved primarily through portfolio management – selecting efficient aircraft types and engine generations at the time of purchase, and assessing SAF compatibility when deciding on lease extensions.

The impact of current and planned investments. Ongoing and planned investments contribute to climate resilience through two channels: Firstly, energy-efficiency refurbishment and modernisation measures reduce emission intensity and enhance CRREM alignment. Secondly, expanding the Sustainable Infrastructure portfolios to include energy storage and, in the longer term, hydrogen technologies improves resilience to market shifts and supports the replacement of high-emission generation. A systematic quantitative assessment of the impact of capital expenditure on climate resilience is currently being developed and will, in the long term, be integrated into the projected financial effects.

Operational embedding through measures. Resilience is operationally embedded through the measures set out for each asset class in the section on measures and resources relating to climate mitigation and climate adaptation. As part of ongoing portfolio management, climate risks and adaptation measures are continuously monitored and incorporated into the investment decisions of the Investment Committees.

Differentiation by time horizon. In the short term (up to one year), the focus is on implementing measures that have already been agreed, as well as on ongoing risk monitoring. In the medium term (one to five years), investment decisions are made regarding energy-efficiency refurbishments, repowering measures and portfolio expansions, the effects of which are primarily realised within this timeframe. In the long term (over five years), adaptability depends on developments in the regulatory framework, technological availability (in particular sustainable aviation fuel, green hydrogen and advanced heat pump technologies) and market acceptance of sustainable investment products. KGAL actively monitors these developments and adapts its investment strategies accordingly.

Concepts relating to climate change

Policy framework and objectives

In this chapter, KGAL sets out the key policies and guidelines for managing climate-related impacts, risks and opportunities. These are embedded within the company-wide ESG and sustainability framework and are supplemented by climate-specific requirements in the context of climate change.

KGAL embeds climate-related considerations into its product and investment strategy, including through an ESG analysis as part of its due diligence risk assessment and by taking climate-related risks into account in its ongoing risk reporting. At the same time, KGAL is tackling climate mitigation within its own operations through measures relating to energy supply and efficiency improvements, as well as by identifying key emission drivers in its corporate carbon footprint.

As KGAL's climate-related levers are predominantly asset-driven, the strategies for the asset classes of Real Estate, Aviation and Sustainable Infrastructure are described and also consolidated into a single, comprehensive overview (including the company's own operations).

Depending on the scope for influence, mandate and operator structures, climate-related strategies relate to:

- **Real Estate:** CRREM decarbonisation pathway, energy audits, ESG refurbishment roadmaps, data requirements (consumption/emissions), management of physical and transition risks (location-based hazards).
- **Aviation:** Consideration of transition risks (regulation/market developments), efficiency and technology parameters, and requirements for partner and operator management, insofar as contractually possible.
- **Sustainable Infrastructure:** Selection and management of infrastructure investments (e.g. renewable energy), operational optimisation, availability and resilience, and – where relevant – adaptation measures.
- **Own business operations:** Policies on energy-related emissions from sites, business travel and, where applicable, procurement and IT operations.

The policies apply to the relevant internal functions (Portfolio/Transaction, Asset Management, Risk/ESG/Compliance) and – where applicable – also to external parties (e.g. real estate managers, operators, O&M service providers) through contractual requirements and management mechanisms.

Climate-related strategies

Concept	Climate-related key content	Allocation	Scope	Operationalisation
ESG approach	Climate strategy takes account of physical and transition risks; objectives include a net-zero ambition for investment funds; exclusions (e.g. no direct investments in fossil fuels); expanded data collection across all asset classes; annual CCF calculations since 2018	Consolidated (all asset classes + Group)	Own operations and the value chain	Guidelines for due diligence asset management, data programme, consolidated reporting logic
ESG Guidelines and strategy	Group framework, including climate and risk integration, product and process relevance, and further development of measurability	Consolidated	Own operations and the value chain	Policy framework, process integration, internal responsibilities
Responsible Investment Policy/ Real Estate	Asset class policy on ESG and climate integration within the REA portfolio and asset management; integration into risk and investment processes	Real Estate	Own operations and the value chain	Investment criteria, due diligence reviews, asset management standards, reporting requirements
CRREM concept	Using CRREM decarbonisation pathways as a benchmark for assessing transition risks	Real Estate	Own operations and the value chain	Assessment of CRREM pathways; prioritisation for refurbishment/CapEx/portfolio management
Responsible Investment Policy/ Sustainable Infrastructure	Asset class policy for responsible investment and asset management in the field of sustainable infrastructure (renewable energy, etc.)	Sustainable Infrastructure	Own operations and the value chain	Criteria/standards for selection, operation, operations and maintenance management, resilience/risk management
Aviation – ESG transparency approach	ESG and climate-related aspects (e.g. efficiency, noise, sustainable aviation fuel, materials and recycling) that can be considered in investor reporting; with a focus on transition risks and market parameters	Aviation	Value chain	Screening options in acquisitions; CO_2 emissions and ESG issues in transparency reporting
Stewardship policy	Stewardship as active engagement with and influence over real assets where possible and appropriate; complements the ESG Guidelines and Responsible Investment Policies	Cross-section	Value chain	Stakeholder dialogue, contractual levers, ESG integration at asset/fund level, escalation process
Public Transparency Report (UN PRI, 2025)	External transparency regarding climate and ESG approaches in line with the UN PRI criteria	Consolidated	Both	External evidence document for policy coherence and evidence of implementation
Principles of sustainable procurement	Supplier and service provider requirements (including those relating to the environment and climate)	Cross-section	Value chain	Contractual clauses, due diligence and 'Know Your Customer', risk-based assessments

Measures and resources relating to climate mitigation and climate adaptation

In this chapter, KGAL discloses measures to mitigate and adapt to climate change, as well as the resources allocated for these purposes. Due to the asset-driven management approach, the presentation is organised by asset class (Real Estate, Aviation, Sustainable Infrastructure) and also provided on a consolidated basis for the Group as a whole (including its own operations).

In addition to its ongoing improvement and optimisation measures, KGAL plans to develop quantifiable emissions reduction measures in support of Germany's overarching climate mitigation target for 2045. Consequently, at the time of reporting, it is not yet possible to provide further details regarding additional measures, timeframes, the status of implementation, key resource types (e.g. CapEx/OpEx, internal capacities, external service providers) or the management approach.

Climate mitigation measures based on decarbonisation levers

Decarbonisation levers	Real Estate	Aviation	Sustainable Infrastructure	Business operations	GHG scope	Status	Time horizon
Energy efficiency and optimisation	Refurbishment/ modernisation; operational optimisation; monitoring/smart metering	Efficiency parameters in portfolio management	Performance optimisation; availability and revenue optimisation	Efficiency at sites/IT; reduction in business travel	1/2/3	For asset classes: in progress as part of the respective fund strategy For business operations: completed	Medium and long term
Electrification	Conversion of heating systems (e.g. heat pumps)	–	–	Heating	1/2/3	For asset classes: in progress as part of the respective fund strategy For business operations: completed	Medium and long term
Renewable energy	Green electricity/PPA schemes; rooftop PV systems	Production of sustainable aviation fuels	Expansion/ optimisation of renewable energy generation; repowering options	Purchasing green electricity; PV or energy-saving contracts, where applicable	2	For asset classes: in progress as part of the respective fund strategy For business operations: completed	Medium and long term
Portfolio/Investment Management	Prioritisation of acquisitions, holding periods and capital expenditure according to decarbonisation pathways	Management based on transition risk and efficiency parameters; taking residual value risks into account	Reallocation/investing in transition opportunities; expanding resilient assets	[n/a]	3	In progress	Medium and long term

Table: Climate adaptation measures and resources

Climate risk	Real Estate	Aviation	Sustainable Infrastructure	Time horizon	Status	Resources/dependencies
Heavy rain/flooding	Site screening; drainage		Site, access and grid risks; protection of critical components	Medium and long term	In progress	CapEx/OpEx; insurability; operational processes
Heat/rising temperatures	Cooling systems; building services engineering; materials/greening		Performance/degradation management; cooling/components	Medium and long term	In progress	O&M capacity; spare parts; grid
Storm/lightning strike	Roof and façade safety measures; maintenance	Operational disruptions	Lightning and storm protection; redundancies; O&M processes	Short, medium and long term	In progress	Insurability; O&M partners; spare parts supply chains
Water scarcity/drought/ land subsidence	Water/irrigation concepts; reducing consumption		Geotechnical due diligence, optimised foundation design, load reduction	Medium and long term	In progress	Location-dependent

Resource allocation here is primarily carried out via

(a) asset-related CapEx/OpEx planning (e.g. refurbishment budgets, O&M budgets, project development),

(b) in-house capabilities in investment, asset and risk management functions, and

(c) external partners (e.g. property managers, operators, O&M service providers, consultants).

The prioritisation of measures is based on the materiality of the climate-related IROs, the feasibility of implementation within the respective mandate/operator structures, and the availability of data for quantifying the impact on emissions. The decision-making bodies are the Investment Committee and Portfolio Management.

Energy consumption and energy mix

For KGAL, energy is simultaneously a cost and risk driver, a lever for decarbonisation and – within the sustainable infrastructure asset class – a source of returns. In this chapter, KGAL discloses the energy consumption associated with its own business activities and breaks this down by energy source group. As KGAL is a predominantly office-based asset management company, energy consumption arising from its own business activities consists mainly of energy purchased for its office premises and IT infrastructure.

Beyond KGAL's own business activities, the energy flows associated with the real assets it manages represent a material aspect of the value chain. In line with ESRS 1, which requires the inclusion of key information from the upstream and downstream value chain in the report, KGAL supplements the mandatory data point relating to its own business activities with a separate presentation of energy consumption and – in the case of Sustainable Infrastructure – energy generation from the assets under management. This presentation is set out in the respective chapters on asset classes and forms the central starting point for KGAL's asset management activities, the impact of which – in terms of future efficiency, restructuring and modernisation measures – is intended to be made transparent over time.

Total energy consumption by energy mix: company-wide

Energy consumption and energy mix	2025
1. Fuel consumption from coal and coal products (MWh)	0.00
2. Fuel consumption from crude oil and petroleum products (MWh)	0.00
3. Natural gas consumption (MWh)	209.10
4. Fuel consumption from other fossil sources (MWh)	0.00
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	54.10
6. Total fossil energy consumption (MWh) (sum of rows 1 to 5)	263.20
Proportion of fossil fuels in total energy consumption (in %)	**16.56%**
7. Consumption from nuclear power sources (MWh)	0.00
Proportion of total energy consumption accounted for by nuclear sources (in %)	0.00
8. Fuel consumption from renewable sources, including biomass (such as industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	0.00
9. Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	1,326.28
10. Consumption of self-generated renewable energy, excluding fuels (MWh)	0.00
11. Total renewable energy consumption (MWh) (sum of rows 8 to 10)	**1,326.28**
Share of renewable sources in total energy consumption (as a percentage)	**83.44 %**
Total energy consumption (MWh) (sum of rows 6 and 11)	**1,589.48**

Methodological notes on energy consumption

Scope: The energy consumption associated with KGAL's own business activities (office locations, IT infrastructure) is recorded. Energy consumption figures for assets managed through the Aviation, Sustainable Infrastructure and Real Estate divisions are not included in this data point, as the underlying special-purpose and asset-holding companies are not consolidated in the KGAL consolidated balance sheet. They are also set out in the relevant asset class chapters.

Calculation: Energy figures are presented on the basis of final energy consumption in MWh. Double counting of self-generated and self-consumed energy is avoided – energy is recorded only once, either as fuel consumption or as electricity consumption. Energy consumption is not offset.

Breakdown of renewable and non-renewable energy: KGAL adopts a conservative approach when allocating electricity, steam, heat and cooling between renewable and non-renewable sources. Under the market-based method, amounts are classified as 'renewable' only where the environmental attributes are clearly defined in the relevant contract (Power Purchase Agreements, certified green electricity tariffs, guarantees of origin in accordance with EU Directive 2018/2001 or comparable instruments).

Energy metrics for the Aviation asset class
In the Aviation asset class, kerosene is the dominant energy source and is therefore the key link between the business model and the carbon footprint. Unlike in the Real Estate and Sustainable Infrastructure sectors, KGAL does not operate the aircraft it finances itself, but leases them to airlines via special-purpose vehicles (operating leases). Fuel consumption, efficiency pathways and associated emissions are therefore the operational responsibility of the lessees. As an asset manager, KGAL influences fuel efficiency indirectly – through the selection of aircraft types and engine generations at the time of acquisition, through the contractual data-sharing framework and through its stewardship dialogue with lessees.

The following information on the kerosene consumption of the financed aircraft is presented as key value chain information in accordance with ESRS 1. It constitutes the methodological basis for the financed Scope 3 greenhouse gas emissions under Category 15, as set out in the section on the aviation emissions inventory. Management levers are effective in the following areas:

- **Focus on efficiency:** Prioritising efficient aircraft types and modern engine generations in acquisition decisions; taking into account weight, aerodynamic and engine upgrades throughout the lifecycle. Operational data (fuel burn, block hours, flight cycles) form the basis for management and emissions reporting.
- **Data access and contract structure:** Embedding data-sharing clauses into leasing contracts to ensure the ongoing collection of operational data and to improve the methodological basis for energy and emissions reporting over time.
- **Stewardship and climate dialogue:** Active dialogue with lessees regarding their climate strategies, efficiency programmes and long-term SAF strategy. Taking the relevant climate positioning into account when making investment and renewal decisions.
- **Regulatory context and the SAF perspective:** Monitoring and anticipating the increasingly stringent regulatory framework (extension of the EU ETS to intra-EEA flights, ReFuelEU Aviation with rising mandatory SAF blending requirements, CORSIA). The growing importance of sustainable aviation fuels is set to play a key role in future acquisition and valuation decisions.

The effect of these levers is illustrated over time using the energy data in the tables below.

Energy consumption and energy mix in Aviation	2025
Fuel consumption from crude oil and petroleum products (MWh)	2,620,431
Total consumption of fossil fuels (MWh)	**2,620,431**
Proportion of fossil fuels in total energy consumption (in %)	**100%**
Total energy consumption (MWh)	**2,620,431**

Notes: Does not include the consumption of GOAL's assets. Further methodological notes can be found in the appendix.

Energy metrics for the Real Estate asset class
For KGAL's real estate portfolios, energy is a key lever connecting climate mitigation, value growth and lettability. Energy consumption and the energy mix directly determine the emission intensity of the properties and, consequently, their alignment with the CRREM decarbonisation pathway. High energy consumption and the use of fossil fuels for heating increase the risk of stranded assets, whilst realising energy efficiency potential can contribute to value growth through lower service charges, improved lettability and adherence to the CRREM pathway.

The following information on energy consumption and the energy mix of the real estate properties is presented as key value chain information in accordance with ESRS 1. It constitutes the central starting point for the management impact of asset management – via the following levers:

- **Transparency:** Roll-out of (sub-)smart metering, Green Leases, energy management systems and a platform integrating real estate, financial and ESG data; clear distinction between landlord- and tenant-controlled consumption within a whole-building approach.
- **Efficiency and transition:** Energy audits and long-term energy-efficiency refurbishment roadmaps, taking into account economic, time and staffing factors; conversion of fossil-fuel heating systems to district heating, heat pumps or hybrid solutions; digitalisation of building management systems.
- **Source of energy:** Procurement of renewable energy via guarantees of origin or power purchase agreements; on-site solutions (photovoltaics, storage) where economically viable and permitted under planning regulations.
- **Working with tenants:** Green Lease clauses and tenant engagement programmes aimed at reducing tenant-controlled consumption.

The effect of these levers is illustrated over time using the energy data in the tables below.

Energy consumption and energy mix in Real Estate	2024
1. Fuel consumption from coal and coal products (MWh)	0.00
2. Fuel consumption from crude oil and petroleum products (MWh)	151.76
3. Natural gas consumption (MWh)	21,415.77
4. Fuel consumption from other fossil sources (MWh)	0.00
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	154,829.22
6. Total fossil energy consumption (MWh) (sum of rows 1 to 5)	**176,396.75**
Proportion of fossil fuels in total energy consumption (in %)	**71.02%**
7. Consumption from nuclear power sources (MWh)	*Not currently known*
Proportion of total energy consumption accounted for by nuclear sources (in %)	*Not currently known*
8. Fuel consumption from renewable sources, including biomass (such as industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	0.00
9. Consumption of purchased or acquired electricity, heat, steam and cooling, and energy from renewable sources (MWh)	71,995.41
10. Consumption of self-generated renewable energy other than fuels (MWh)	0.00
11. Total renewable energy consumption (MWh) (sum of rows 8 to 10)	**71,995.41**
Share of renewable sources in total energy consumption (as a percentage)	**28.98%**
Total energy consumption (MWh) (sum of rows 6, 7 and 11)	**248,392.16**

Notes: As consumption data can only be fully determined after a certain delay, the data relates to 2024. Further methodological notes can be found in the appendix.

Energy metrics for the Sustainable Infrastructure asset class
Within the Sustainable Infrastructure asset class, energy is the core product. KGAL invests in solar, wind and hydroelectric power plants, as well as, in the future, in battery storage and green hydrogen – with the objective of systematically driving forward the replacement of high-emission fossil fuel-based generation. The economic and climate-related impact stems from the renewable energy fed into the grid, whilst grid-related issues (curtailment, connection) and market structures (power purchase agreements) shape the efficiency, availability and revenue profiles of the plants.

The following information on the plants' energy generation and consumption is presented as key value chain information in accordance with ESRS 1 and forms the central starting point for the management impact of asset management via the following levers:

- **Production quality:** Optimisation of availability and capacity factor through technical asset management, predictive maintenance and continuous performance monitoring.

- **Grid and marketing:** Reducing curtailment losses through grid-friendly plant operation and smart marketing; optimising PPA profiles to stabilise revenues and improve the bankability of future projects.

- **Resilience:** Location-based and design-specific measures to counter extreme weather events (storms, lightning strikes, hail, flooding), in order to prevent yield losses and damage to the installations.

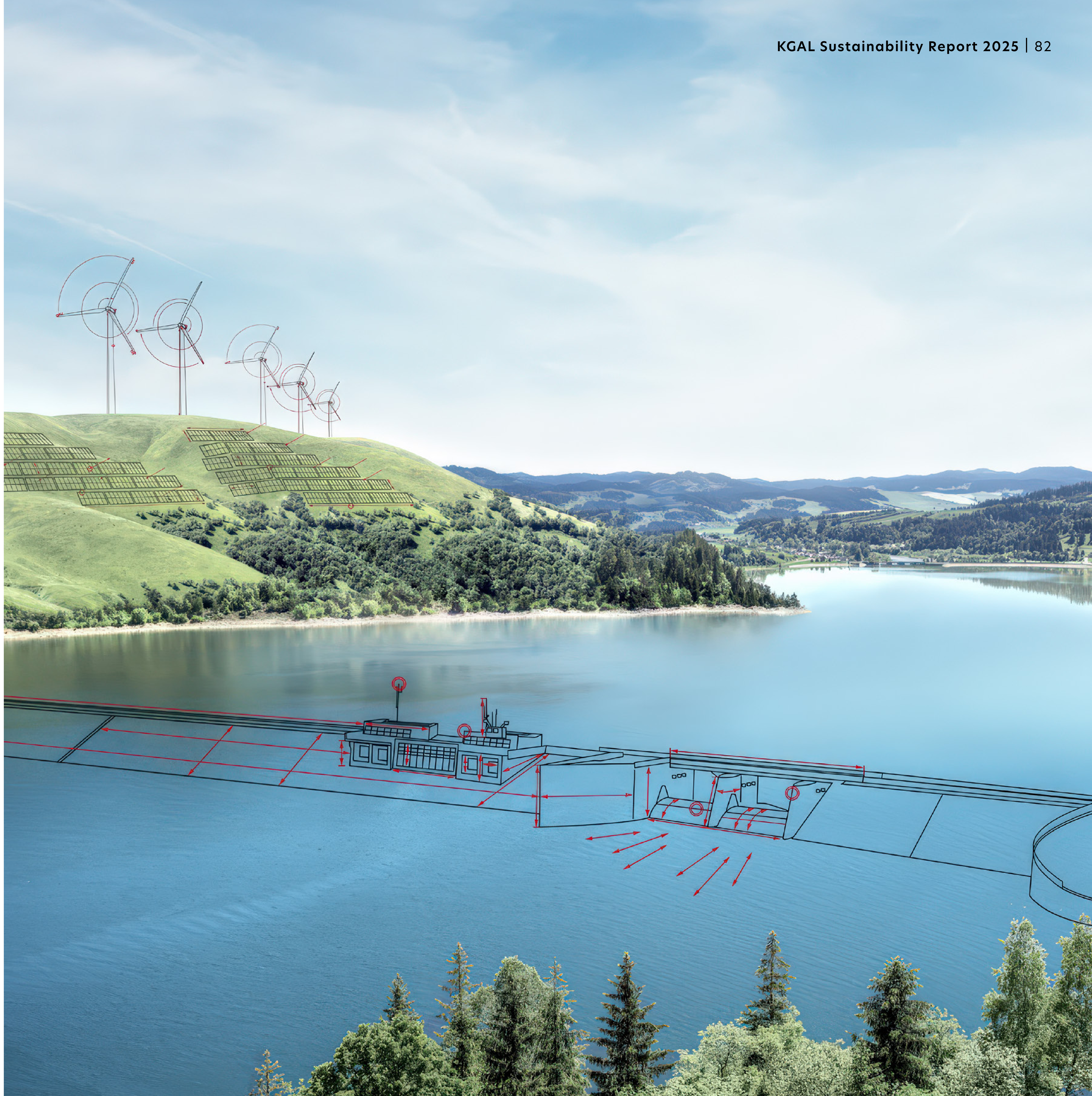
- **Substitution contribution:** Assessment and reporting of financed avoided emissions as a supplementary climate metric to the gross balance (see the table 'Avoided emissions').

The effect of these levers is illustrated over time using the energy data in the tables below.

Energy consumption and energy mix in Sustainable Infrastructure	2024
1. Fuel consumption from coal and coal products (MWh)	0.00
2. Fuel consumption from crude oil and petroleum products (MWh)	0.00
3. Natural gas consumption (MWh)	0.00
4. Fuel consumption from other fossil sources (MWh)	0.00
5. Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	1,251.34
6. Total fossil energy consumption (MWh) (sum of rows 1 to 5)	**1,251.34**
Proportion of fossil fuels in total energy consumption (in %)	**11.32%**
7. Consumption from nuclear power sources (MWh)	**777.98**
Proportion of total energy consumption accounted for by nuclear sources (in %)	**7.04%**
8. Fuel consumption from renewable sources, including biomass (such as industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	0.00
9. Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	9,025.34
10. Consumption of self-generated renewable energy, excluding fuels (MWh)	0.00
11. Total renewable energy consumption (MWh) (sum of rows 8 to 10)	**9,025.34**
Share of renewable sources in total energy consumption (as a percentage)	**81.64%**
Total energy consumption (MWh) (sum of rows 6, 7 and 11)	**11,054.66**

Energy generation and energy mix	2024
1. Electricity generation from photovoltaics (MWh)	493,110.54
2. Electricity generation from hydropower (MWh)	14,993.96
3. Electricity generation from onshore and offshore wind (MWh)	2,045,288.39
4. Total renewable electricity generation (MWh)	**2,553,392.89**

Renewable energy generation by country	2024
Germany (MWh)	861,013.89
Sweden (MWh)	604,733.39
Italy (MWh)	224,313.71
France (MWh)	382,249.86
Spain (MWh)	47,835.64
Bulgaria (MWh)	30,730.68
Finland (MWh)	76,166.69
Poland (MWh)	266,281.76
Portugal (MWh)	47,049.72
United Kingdom (MWh)	13,017.55
Total energy generation (MWh)	**2,553,392.89**



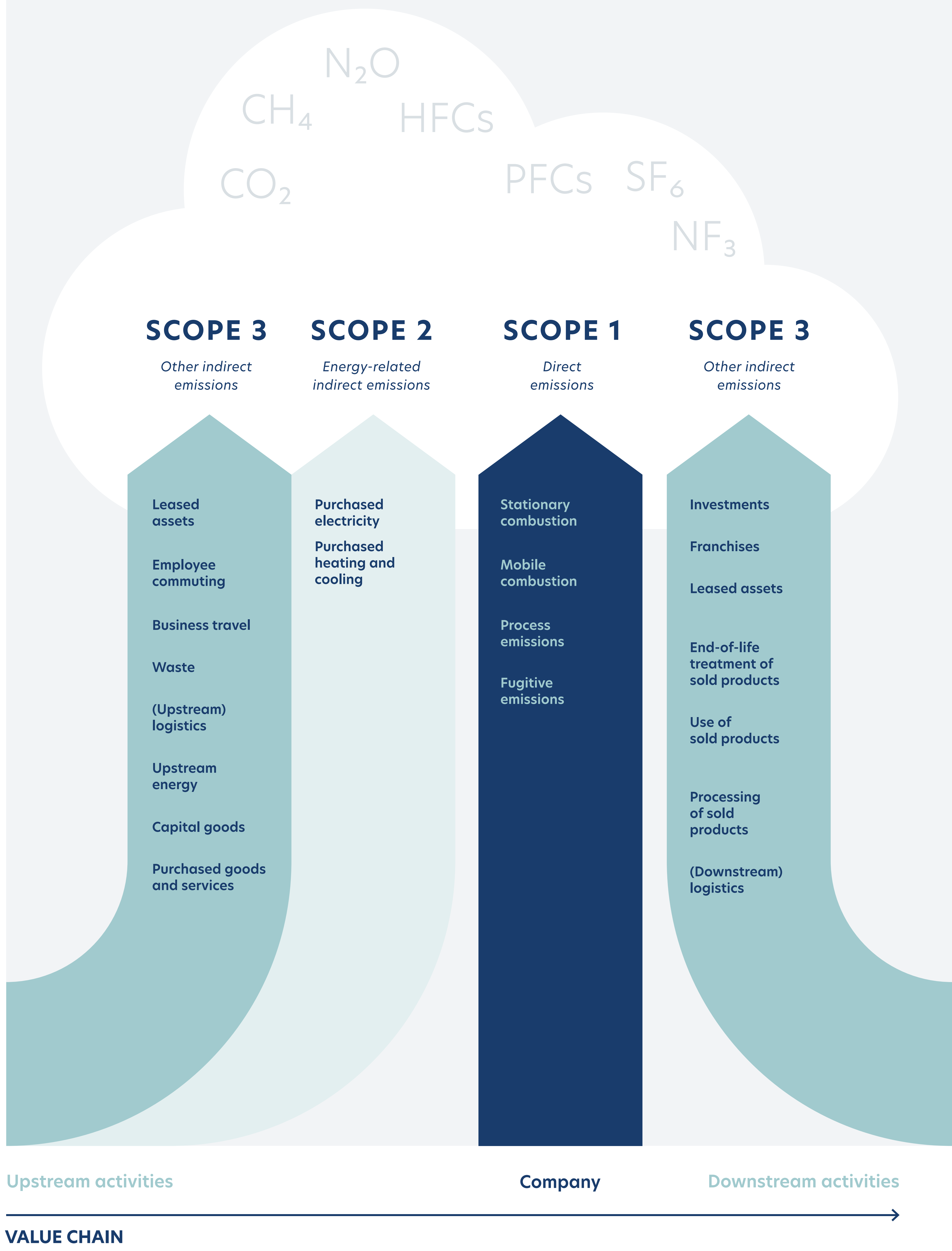
Greenhouse gas emissions

As a predominantly office-based asset management company, KGAL's own Scope 1 and Scope 2 emissions arise primarily from energy consumption on its own premises. A company's own Scope 3 emissions encompass the typical categories of business operations along the value chain, in particular purchased goods and services, business travel, commuting, waste and transport.

However, by far the largest share of the greenhouse gas footprint is accounted for by the financed emissions from the asset classes under management: Aviation, Sustainable Infrastructure and Real Estate. The underlying assets are held through special-purpose vehicles, in which the investors act as limited partners. KGAL is responsible for asset management, but does not consolidate these companies in its own consolidated balance sheet. The facilities' emissions are therefore reported as financed emissions under Scope 3, Category 15, in accordance with PCAF Part A, and are allocated to KGAL and the investors on a pro rata basis according to the outstanding investment amount as at the reporting date.

The PCAF standard provides a uniform and verifiable framework for this: emissions from the financed assets are allocated on a pro rata basis according to the financial actor's economic exposure. This prevents double-counting across multiple funders and ensures that portfolios are comparable. KGAL reports the financed emissions both on a consolidated basis in the main balance sheet (Scope 3 item, Category 15) and in separate tables for each asset class, accompanied by methodological notes.

GHG emissions of the KGAL Group, including asset classes	2025
Scope 1 greenhouse gas emissions	
Scope 1 gross GHG emissions (tCO_2e)	0.00
Scope 2 greenhouse gas emissions	
Location-based gross Scope 2 GHG emissions from heat (tCO_2e)	51.78
Market-based Scope 2 gross GHG emissions from electricity (tCO_2e)	2.44
Location-based Scope 2 gross GHG emissions from electricity (tCO_2e)	*187.75*
Significant Scope 3 greenhouse gas emissions	
Total gross indirect (Scope 3) GHG emissions (tCO_2e)	
1 Goods and services purchased (tCO_2e)	124.74
3 Activities relating to fuels and energy (not Scope 1/3) (tCO_2e)	88.38
5 Waste treatment (tCO_2e)	10.37
6 Business travel (tCO_2e)	597.06
7 Commuting employees (tCO_2e)	394.84
15 Investments (tCO_2e)	354,423.51
Total GHG emissions	
Total GHG emissions (market-based) (tCO_2e)	**355,693.12**
Financed avoided GHG emissions	
Total financed avoided GHG emissions (tCO_2e)	**602,062.95**



Overview of the GHG Protocol Corporate Standard scopes and emission categories

Aviation

In the aviation asset class, the emissions rationale for KGAL is largely determined by the scope and degree of influence. As KGAL acts as an asset and technical manager in the leasing sector, the direct operational emissions do not arise from KGAL, but from the airlines as operators or lessees. KGAL reports emissions from aviation investments as financed emissions. Kerosene combustion accounts for the majority of emissions from aviation operations (Scope 1 for airlines or Scope 3 Category 15 for KGAL).

Financed GHG emissions in the Aviation asset class (Scope 3 Cat. 15 under PCAF)	2025
Benchmarks and coverage	
Number of aircraft covered (coverage)	35 of 35 (100%)
GOAL German Operating Aircraft Leasing GmbH & Co. KG Joint Venture	*Not currently recorded*
Methodological basis	PCAF Part A, Chapter 5.6 Motor Vehicle Loans
Data source: Emissions	Cirium EmeraldSky
Financed emissions (Scope 3, Cat. 15)	
Scope 1 of operational flight operations – kerosene combustion (tCO_2e, gate-to-gate)	**294,548.44** (678,833.00)
Scope 2 of operational flight operations – airline ground power	*Not significant*
Scope 3 of operational flight operations – well-to-tank kerosene	*Not currently recorded*
Total financed GHG emissions (tCO_2e)	**294,548.44** (678,833.00)
PCAF data quality score (1 = highest, 5 = lowest)	2

Notes: Emissions figures shown in bold represent the emissions attributable to KGAL investors. Figures in brackets represent the total emissions from the assets. Excludes emissions from GOAL's assets. Further methodological notes can be found in the appendix.

Real Estate

For KGAL, climate-related emissions in the real estate sector arise primarily from the energy consumption of the financed buildings during their day-to-day operation. As the real estate assets are held through asset-holding companies in which the investors act as limited partners, and KGAL does not consolidate these in its own consolidated financial statements, the building emissions are reported as financed emissions under Scope 3, Category 15, in accordance with PCAF Part A, Chapter 5.4.

Methodologically, the survey follows the whole-building approach: the data covers both landlord-controlled consumption (central heating, communal areas, centrally supplied district heating) and tenant-controlled consumption (tenants' own supply of electricity, natural gas and other energy sources). The availability of data depends heavily on the availability of metering systems, tenant engagement and property-specific data collection; KGAL has complete whole-building data for all properties in the current reporting year.

Financed GHG emissions in the Real Estate asset class (Scope 3 Cat. 15 under PCAF)	2024
Benchmarks and coverage	
Number of operational properties during the reporting period (coverage %)	120 (100 per cent)
Methodological basis	PCAF Part A, Chapter 5.4 (Commercial Real Estate)
Data source: Emissions	agradblue
Financed emissions (Scope 3, Cat. 15)	
Scope 1 emissions from property operations (tCO_2e)	**2,668.36** (3,241.38)
Scope 2 emissions from property operations (tCO_2e)/location-based	**25,812.82** (28,579.90)
Scope 2 emissions from property operations (tCO_2e)/market-based	**6,212.29** (6,843.69)
Scope 3 emissions from property operations (tCO_2e)/location-based	**29,550.53** (34,478.49)
Scope 3 emissions from property operations (tCO_2e) / market-based	**21,181.04** (24,091.14)
Total financed emissions from Real Estate (tCO_2e)/location-based	**58,031.70** (66,299.76)
Total financed emissions from Real Estate (tCO_2e)/market-based	**30,061.69** (34,176.20)
PCAF data quality score (1 = highest, 5 = lowest)	2

Notes: Emissions figures shown in bold represent the emissions attributable to KGAL investors. Figures in brackets represent the total emissions from the assets. As consumption data can only be fully determined after a certain delay, the data relates to 2024. Further methodological notes can be found in the appendix.

Sustainable Infrastructure

Since 2003, KGAL has been offering investment solutions in its ‘Sustainable Infrastructure’ segment and manages assets in sectors including photovoltaics, onshore and offshore wind, and hydropower. In future, technologies relating to green hydrogen and battery storage are also planned to be added. Through this asset class, KGAL is making an active contribution to the European energy transition and to the replacement of high-emission generation; the resulting emissions avoided are reported in a separate emissions inventory in accordance with the PCAF Supplemental Guidance. Despite the predominantly positive impact on the climate, greenhouse gas emissions are also generated during the construction and operation of the plants. The main factors here are emissions from capital goods (turbines, modules, construction work) and, to a lesser extent, the procurement of auxiliary electricity for the plants, the emission intensity of which varies according to the respective national electricity mix. As KGAL exercises operational control over the sustainable infrastructure assets, these emissions are fully included in KGAL’s Scope 1/2/3 emissions inventory and are not reported as financed emissions under Scope 3, Category 15.

Financed GHG emissions in the Sustainable Infrastructure asset class (Scope 3 Cat. 15 under PCAF)	2024
Benchmarks and coverage	
Number of operational assets recorded during the reporting period (wind/PV/hydro) (coverage %)	118 (52/62/4) (100 per cent)
Methodological basis	PCAF Part A, Chapter 5.3 (Project Finance)
Data source: Emissions	ISS ESG
Financed emissions (Scope 3, Cat. 15)	
Scope 1 emissions from plant operations	*Not significant*
Scope 2 emissions from plant operations/location-based (tCO_2e)	**528.36** (954.18)
Scope 3 emissions from plant operations	**29,285.02** (54,081.33)
Total financed emissions from Sustainable Infrastructure (tCO_2e)	**29,813.38** (55,035.51)
PCAF data quality score (1 = highest, 5 = lowest)	2

Notes: Emissions figures shown in bold represent the emissions attributable to KGAL investors. Figures in brackets represent the total emissions from the assets. As consumption data can only be fully determined after a certain delay, the data relates to 2024. Further methodological notes can be found in the appendix.

Financed avoided GHG emissions	2024
Benchmarks and coverage	
Number of operational assets recorded during the reporting period (wind/PV/hydro) (coverage %)	118 (52/62/4) (100 per cent)
Renewable energy generated during the reporting period (MWh)	2,553,392.89
Methodological basis	PCAF Supplementary Guidance, Part A: Avoided Emissions
Data source: Avoided Emissions (Operating Margin Grid Emissions)	UNFCCC IFI TWG Default Grid Factors 2021 v3.2
Financed avoided GHG emissions at facility level	
Avoided CO_2 emissions from photovoltaics (tCO_2e)	**155,937.63** (219,175.83)
Avoided CO_2 emissions from hydropower (tCOe)	**6,214.42** (6,214.42)
Avoided CO_2 emissions from onshore and offshore wind (tCO_2e)	**439,910.90** (839,890.68)
Total avoided CO_2 emissions from all plants (tCO_2eq)	**602,062.95** (1,065,280.93)
PCAF data quality score (1 = highest, 5 = lowest)	2,553,392.89

Greenhouse gas removals and the use of carbon credits

During the reporting period, KGAL financed projects relating to greenhouse gas removal and storage (nature-based or technological) as part of its own business activities. Previous public statements on climate and net-zero ambitions are based on gross emissions reductions; targets are not met through carbon credits. Consequently, the disclosures required under ESRS E1-9 do not apply for the reporting period. In future, KGAL intends to focus on reductions across the value chain; as a result, funding for climate mitigation projects will be phased out in the medium term.

Internal carbon pricing

During the reporting period, KGAL did not use any internal carbon pricing mechanisms to guide investment or operational decisions.

Potential financial implications

Significant climate-related physical risks, transition risks and climate-related opportunities may affect the financial position, financial performance and cash flows of companies – including KGAL. The relevant channels through which these factors have an impact include insurance costs, valuations and residual values, financing terms and, where applicable, impairment losses or depreciation.

Transition effects (regulation, carbon prices, technology pathways, shifts in demand) and **physical effects** (weather and climate events, chronic climate changes) manifest themselves in various ways within KGAL's portfolios. On the one hand, they affect running costs and the need for capital expenditure (CapEx); on the other hand, they affect revenue, insurability, valuations and financing terms. The underlying risks and opportunities are set out in detail in the section entitled 'Material impacts, risks and opportunities and their interaction with strategy and the business model'.

In the current reporting year, the quantitative data points are not reported in quantities with reference to ESRS (carrying amount of exposed assets, proportion of revenue from exposed business activities, range of potential stranded assets, value of business activities arising from climate-related opportunities). The focus here is on quantifying exposed carrying amounts by asset class, linking these to the results of the physical climate risk assessment, and translating transition scenarios into financial implication metrics.

The methodological basis of the ongoing risk analysis comprises defined scenarios and time horizons with reference to ESRS 1: short term (up to one year, corresponding to the reporting period), medium term (one to five years) and long term (more than five years). The transition assumptions include carbon price and energy price pathways, sector-specific regulatory frameworks (building standards, PPA and CfD designs, ReFuelEU Aviation, the expansion of the EU ETS, CORSIA) as well as the availability and market penetration of relevant technologies. Physical risks are assessed on an asset-by-asset basis using Location Risk Intelligence, the results of which are aggregated into portfolio-level insights via internal risk reports.

Real Estate asset class

Transition effects
The regulatory framework places greater emphasis on decarbonisation, which can be measured in Real Estate through energy performance certificates and CRREM. ESG measures help to maintain or increase the market value. The initial focus is on quick wins that can be implemented in the short term (e.g. assessing building management system optimisation, carrying out a hydraulic balancing of the heating system, checking district heating connection capacity, switching to renewable electricity). In the long term, an ESG refurbishment roadmap will be drawn up, and energy efficiency improvements will be reviewed regularly and adjusted as necessary.

Financial implications
In the short to medium term: CapEx cycles and ancillary costs; in the medium term: lettability and exit yields (stranded risks).

Physical risks
Flooding, heavy rain, heat and storms have an impact on maintenance, business interruptions and insurance (premiums, exclusions).

Financial implications
Additional costs relating to Opex/insurance, adjustment CapEx, potential downtime days (loss of revenue), some of which are reflected in the valuation as a yield premium.

Opportunities
Consistent efficiency measures reduce running costs and improve marketability of the assets; Green Leases enhance data quality and the level of cooperation.

Sustainable Infrastructure

Transition effects
Renewable assets benefit from stabilised revenue (PPA/CfD), whilst at the same time capital expenditure (CapEx) requirements arise from repowering and technical upgrades. Curtailment regimes and counterparty risks associated with PPAs affect the reliability of cash flows. Technological changes and demand (battery storage, green hydrogen and hydrogen derivatives) are creating new revenue opportunities, although an uncertain regulatory and competitive environment may also pose risks to new investments.

Financial implications
Revenue (EUR/MWh), PPA/CfD shares, repowering CapEx, O&M contracts, counterparty margins.

Physical risks
Extreme weather (storms, heatwaves, droughts, icing) affects availability, capacity factor and O&M costs; grid connections and transformers are critical points. Insurers adjust premiums and the scope of cover; in the event of a claim, deductibles may apply, and total losses may occur where insurance cover is not available (e.g. lightning strikes and fire at wind turbines).

Financial implications
CF (%), O&M/insurance; depreciation

Opportunities
Higher PPA/CfD shares stabilise cash flows; guarantees of origin can generate added value; storage and flexibility open up new revenue potential within the market design.

Aviation

Transition effects
Kerosene and carbon (CORSIA/EU ETS) costs affect operators' cost bases and may influence asset economics through lease rates and utilisation. SAF is expected to command price premiums over Jet A-1. However, the allocation of the additional costs depends on contractual arrangements and market conditions; this often results in higher ticket prices. As a rule, these costs are passed on to end clients. Furthermore, there are uncertainties regarding future demand for SAF. Fuel-efficient aircraft types and newer fleets have an advantage in terms of both demand and refinancing spreads.

Financial implications
Impact on lease rates and residual values.

Physical risks
This is not currently material for KGAL, as the aircraft are operated and insured by the airlines.

Opportunities
Transparent access to fuel and operational data enables efficiency programmes and improves PCAF scores; higher efficiency tends to translate into more robust residual values.

Report section

3 *Own employees*

The company's workforce

In the section entitled 'Own workforce', KGAL describes how the company manages significant actual and potential impacts, risks and opportunities relating to its own workforce. The focus here is on working conditions, equal treatment and equal opportunities, health and safety, skills development and professional development, as well as access to channels for reporting concerns and seeking remedial action. As a real-asset investment and asset manager, the effectiveness of the business model depends to a large extent on qualified specialists, an effective culture of compliance and integrity, and robust HR and leadership processes. General, cross-cutting information on governance, the business model, stakeholder engagement and the materiality process is set out in the 'General information' section. This chapter supplements this information by adding the specific perspective of the company's own workforce.

The matrix below provides an overview of KGAL's material impacts, risks and opportunities in relation to its own workforce and maps them to the relevant sub-topics.

Material impacts, opportunities and risks relating to the company's own workforce

Sub-topic	Material impacts/risks/opportunities	At what stage of the value chain?	Stakeholder groups affected
Working conditions	**Potential negative impacts:** A lower level of employer attractiveness can make it more difficult to recruit qualified staff. Workload and excessive overtime can have a negative impact on employees' health and well-being. **Potential positive impacts:** Longer service with the company ensures continuity and helps to retain knowledge and strengthen collaboration within the organisation. **Risk:** Loss of productivity, employee turnover, quality and error risks **Opportunity:** Greater stability and productivity through effective management of working hours and resources, as well as a wide range of options for hybrid working	Own operations	Own workforce, job applicants
Remuneration, benefits and fairness	**Potential negative impacts:** Perceived unfairness can undermine staff motivation, trust and loyalty. **Potential positive impacts:** Remuneration that is perceived as fair boosts appreciation, satisfaction and staff retention. **Risk:** Retention and reputation risks **Opportunity:** Greater staff retention and attractiveness through competitive and transparent remuneration (KGAL EVOlution)	Own operations	Own workforce, job applicants
Equal treatment, diversity	**Potential negative impacts:** Discrimination can lead to individual employees being treated unfairly and can undermine harmony in the workplace. **Potential positive impacts:** A supportive and inclusive working environment boosts job satisfaction and staff retention. **Risk:** Legal and reputational risks, as well as cultural erosion **Opportunity:** Better decision-making, greater innovation and more effective talent acquisition through DEI	Own operations	Own workforce (including individuals from potentially vulnerable groups), job applicants
Health and safety	**Potential negative impacts:** Stress, burnout and absences due to illness can affect employees' health and their ability to work. **Potential positive impacts:** Preventative measures can reduce absenteeism and improve well-being. **Risk:** Increased absenteeism and reduced productivity **Opportunity:** Greater resilience through prevention, health services and leadership guidelines	Own operations	Own workforce
Training, skills development and career progression	**Potential positive impacts:** Further training and professional development improve employees' employability, technical skills and career prospects. **Risk:** Skills gaps – for example, in ESG, regulatory requirements or digitalisation – can lead to quality risks. **Opportunity:** Competitive advantages through systematic upskilling	Own operations	Own workforce (in particular employees in portfolio and asset management, ESG, Risk/Compliance, and Data/IT)

KGAL recognises its own workforce as a key stakeholder group. Their interests, rights and expectations are therefore systematically taken into account in order to ensure both the company's long-term success and its social responsibility.

As part of the development of its strategy and business model, employees' views are taken into account through the following mechanisms:

- **Direct dialogue:** Regular staff appraisals within the line organisation, feedback sessions and town hall meetings provide insights into expectations and needs
- **Employee representation:** The works council represents the interests of the staff vis-à-vis the management. It is involved in change processes at an early stage.
- **Integration into strategy and the business model:** Insights gained from these dialogue formats are incorporated into the HR strategy, for example in the areas of further training, working time models, work-life balance and ESG-related skills programmes. Company-wide organisational development projects – such as the EVOlution employee development programme – are carried out with broad participation across all hierarchical levels.
- **Employee development:** Training programmes, KGAL's competency model, talent development and initiatives promoting diversity and inclusion, as well as a structured annual cycle, ensure that staff are prepared for future challenges and that equal opportunities are guaranteed.

Sub-topic	Material impacts/risks/opportunities	At what stage of the value chain?	Stakeholder groups affected
Employee participation, staff consultations and complaints procedures	**Potential positive impacts:** Dialogue and engagement initiatives promote staff participation and psychological safety. **Risk:** Without effective channels, breaches or undesirable developments may go undetected. **Opportunity:** Participation in initiatives and programmes strengthens employer branding; early identification of problems fosters a more inclusive culture.	Own operations	Own workforce, employee representatives
Culture of compliance and integrity	**Potential negative impacts:** Shortcomings in integrity and compliance can undermine trust in the company and, in extreme cases, jeopardise its licence to operate. **Potential positive impacts:** A high standard of integrity and compliance fosters trust and reliability in the workplace. **Risk:** Conduct-related incidents, conflicts of interest and breaches of the rules can lead to sanctions and a loss of trust. **Opportunity:** Greater trust among investors and clients through a robust culture and targeted training	Own operations	Own workforce, investors and clients (indirectly)
Data and HR reporting capabilities	**Potential negative impacts:** Inadequate data can lead to poor decision-making in human resources management. **Potential positive impacts:** Reliable data enables targeted and well-informed HR decisions. **Risk:** Incomplete HR data leads to limited oversight and auditability. **Opportunity:** Better decision-making through workforce analytics and reliable data processes	Own operations	Own workforce (indirectly), management/stakeholders (indirectly)
Work-life balance and flexible working arrangements	**Potential positive impacts:** Flexible working arrangements improve the work-life balance and increase staff satisfaction. **Risk:** Without clear rules, tensions, unequal treatment or restrictions on accessibility may arise. **Opportunity:** Wider talent pool and higher staff retention.	Own operations	Own workforce

A particular focus is placed on the protection of human rights in the workplace. This includes compliance with labour law regulations, fair pay, the right to co-determination and the prevention of discrimination. In line with international standards such as the ILO Core Labour Standards, KGAL is committed to high minimum social standards.

Coverage of the company's own workforce affected
The disclosures take into account all material impacts, opportunities and risks relating to the company's own workforce (full-time and part-time employees). Non-employees within the company's own workforce (e.g. agency workers/interns/working students at KGAL) are engaged only on an ad hoc basis and, where they are under KGAL's control, are included in the disclosures. The impact on service providers working on assets is discussed in the chapter 'People in the value chain'.

Types of employees

- **Employees:** Functional areas including, amongst others, Transactions, Asset/Portfolio Management, Risk/Compliance, ESG, Finance, IT, Client/Institutional Business, Corporate Functions
- **Non-employees within the company's own workforce:** Interns, fixed-term employees at KGAL
- **Exposure:** Key S1 impacts primarily affect staff in knowledge- and project-intensive roles (working hours/workload, professional development, remuneration/transparency) as well as across the company as a whole (health and safety/ergonomics, DEI, data protection).
- **Regions:** Primary focus on Germany (Grünwald site), with application to international contexts via policies and standards

Specific understanding of the risks relating to negative impacts
KGAL has developed a systematic understanding of potentially increased exposure, including through dialogue with the works council, HR analyses, feedback from management and health and safety monitoring.

Particular attention should be paid to:

- **Professional/career stage** (e.g. high-potential employees during intensive learning and project phases → mentoring, prioritisation, development reviews)
- **Life circumstances** (e.g. care responsibilities → flexible working hours/hybrid working models, employee well-being programme)
- **Functional exposure** (e.g. transaction peaks → capacity planning, substitution/approval processes, mobile working)
- **Equality/pay** (e.g. introduction of pay bands and a remuneration system, monitoring pay trends to prevent a gender pay gap, diversity objectives for leadership roles)

Areas of the business with risks relating to child labour or forced labour
KGAL employs only highly qualified specialists in regulated markets (EU, OECD countries) and is subject to strict labour law standards. There are no direct risks of child labour or forced labour within KGAL's own operations.

However, a significant risk may arise in indirect contexts, in particular:

- **Geographical regions:** No sites of its own in high-risk countries, but exposure via supply chains (e.g. for PV modules or IT hardware from third countries)
- **Areas of the business:** No production activities; potential risks arise exclusively from service and procurement processes (e.g. external cleaning services, catering, IT procurement)

To minimise risk, KGAL focuses on:

- **Business Partner Code of Conduct** setting out requirements regarding human rights and labour standards
- **Due diligence processes** when selecting service providers and suppliers
- **Commitments** to comply with international labour standards (ILO Core Labour Standards)

Policies relating to the company's workforce

KGAL describes the policies relevant to its own workforce as a coherent set of rules of conduct and integrity, HR principles and specific policies on equal treatment and the working environment. These are designed to manage the material impacts, risks and opportunities identified in the matrix. These policies apply in principle to all employees and managers within the KGAL Group. Where individual sets of rules are implemented at company or country level, this is done in accordance with the relevant legal requirements.

The policies are based on internationally recognised standards, including the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organisation's (ILO) Core Labour Standards, and the OECD Guidelines for Multinational Enterprises. Furthermore, KGAL is committed to the principles of the UN Global Compact.

As part of the implementation of these commitments, the policies address the following in particular:

- **Working conditions/workload/work-life balance:** KGAL addresses impacts, risks and opportunities through principles relating to work organisation and health, as well as initiatives designed to maintain work capacity and resilience (e.g. 'Balanced Working'/health programmes, employee assistance schemes).
- **Remuneration/fairness/incentive schemes (retention risk):** Key expectations regarding ethical conduct and adherence to corporate principles are embedded in the remuneration framework and codes of conduct.
- **Diversity, equal treatment:** A Diversity and Inclusion Policy sets out the company's commitment to equal opportunities, non-discrimination and a respectful working environment in concrete terms; it is complemented by binding rules of conduct.
- **Health and safety (including mental health):** In this predominantly office-based working environment, principles relating to health and safety and health promotion form an integral part of the guidelines; these are supplemented by prevention and support services (e.g. resilience training and coaching).
- **Qualifications/skills/employability:** KGAL uses employee development and training programmes to address skills requirements (including in ESG, regulatory matters and data) and to enhance employability.
- **Whistleblowing scheme, complaints procedures:** The Code of Conduct sets out reporting procedures and the protection of whistleblowers acting in good faith (non-retaliation), as well as procedures for dealing with breaches. These channels also serve to identify work-related concerns or potential human rights and discrimination risks at an early stage.
- **Data protection/confidentiality/IT conduct:** Mandatory training covers guidelines on the protection of personal data and confidentiality in the workplace.

Guidelines relating to KGAL's own workforce

Sustainability matters	Existing frameworks and measures at KGAL
General guidelines on the workforce	Code of Conduct setting out guidelines on integrity, equal treatment and anti-discrimination; Diversity and Inclusion Policy; 'Balanced Working' programmes (work-life balance, health); Responsible Investment Policy
Human rights commitments	Signatory to the UN Global Compact, guided by the OECD Guidelines, and Principles of Sustainable Procurement.
Health and safety at work	Initiatives relating to health, safety and work-life balance. Health programmes and remote working, annual management guidance on health and safety at work
Anti-discrimination and diversity	Prohibition of discrimination in the Code of Conduct; signatory to the 'Diversity Charter'; promotion of gender equality and integration
Groups at particular risk	The Diversity Policy addresses diversity in general.
Whistleblowing/ whistleblower scheme	Confidential whistleblowing scheme and training; regular mandatory training for all staff on compliance-related conduct.
Procedures for investigating incidents	Code of Conduct, compliance and investigation procedures
Training on employment law and diversity	Training courses and change programmes; raising awareness of culture and collaboration; regular mandatory training for all staff on compliance-related conduct.
Monitoring and effectiveness	Supervision of staff as part of line management responsibilities, internal programmes; Objective: Promoting corporate culture and engagement

Communication and embedding
The objectives of the guidelines are communicated in particular through documented policies, internal communication (e.g. the intranet, town hall meetings or departmental meetings), management communications and training sessions. Managers and staff in their line roles are typically responsible for putting the guidelines into practice.

Coverage of human trafficking, forced or compulsory labour and child labour
KGAL adopts a zero-tolerance approach to modern slavery and human trafficking and has incorporated the relevant principles across the Group through guidelines and processes (including within the context of the Code of Conduct and supplementary procurement and due diligence principles). This addresses risks associated with human trafficking; insofar as forced or compulsory labour and child labour are understood as forms of modern slavery, they are covered by the intended protective purpose of these principles.

Extract from the Business Partner Code of Conduct:
KGAL respects human rights and individual rights worldwide. We expect our business partners to promote and ensure respect for human rights within their own sphere of influence, and not to undermine them through their own business activities. These include, amongst other things, freedom of association and the recognition of the right to collective bargaining, physical and mental integrity, freedom of movement, the elimination of all forms of forced labour, the abolition of child labour and the elimination of discrimination in employment and occupation. Particularly with regard to equal opportunities, where requirements and responsibilities are comparable, the principle of equal pay for work of equal value must apply, regardless of gender.

Involvement of the company's own workforce and their representatives, reporting channels and remedial action

Approach and objectives of involvement
In order to identify significant actual and potential impacts, risks and opportunities (e.g. workload/well-being, equal treatment, skills development, culture/compliance) at an early stage, to take these into account in decision-making and – where necessary – to enable remedial action to be taken, KGAL involves its own workforce in the management of work-related matters. Involvement takes place on a regular basis as well as on an ad hoc basis and is integrated into HR and management processes. Operational responsibility for involvement lies with the Head of Human Resources, who reports directly to the Management Board. Findings and recommendations are presented as part of the annual management review at least once a year.

How the company's own workforce and their representatives are involved, and how their views are taken into account in decision-making
To this end, KGAL uses a combination of formal and informal formats, in particular:

- Regular management and team meetings (e.g. departmental/team meetings, town hall meetings) to gather feedback and provide information on organisational changes, priorities and working practices
- Structured HR dialogue and feedback processes, including as part of staff appraisals and development discussions, as well as onboarding and exit processes
- Employee surveys conducted on an ad hoc basis to assess working conditions, leadership, collaboration and DEI aspects
- Feedback formats relating to work capacity and well-being, including in the context of the initiatives and programmes described (e.g. 'Balanced Working', resilience and well-being programmes)
- Employee representation, regular dialogue and participation processes

Insights gained from these formats are incorporated into decisions, for example in:

- Prioritising measures to manage workload and resources (e.g. process improvements, prioritisation/planning, support during peak periods)
- Further developing training programmes and skills development (including ESG, regulatory and data skills, amongst others)
- Measures relating to workforce management and equal treatment (e.g. leadership development, training)
- Measures for targeted career development and market-based remuneration (e.g. the EVOlution programme, career profiles)
- Adaptation of HR processes and internal standards

Involvement of potentially vulnerable or marginalised groups
KGAL takes into account that certain groups within its own workforce may be potentially more severely affected or structurally disadvantaged (e.g. employees with caring responsibilities, people with disabilities, part-time employees, and those starting their careers). Insights are gained – where practicable and in accordance with data protection regulations – through feedback formats, HR contact channels, and the case-by-case handling of reports.

Agreements with employee representatives
During the reporting period, there were no Group-wide framework agreements with trade unions.

Within Germany, co-determination is exercised through the works council in accordance with statutory provisions.

Channels for feedback, complaints and enquiries
KGAL provides its own staff with several channels through which they can report concerns, complaints or information regarding possible breaches of rules or adverse impacts. These include, in particular:

- Managers/line managers and **HR contacts**
- **Employee representation**
- **Whistleblowing system/process** as a confidential channel for reporting potential misconduct or breaches of the rules

Access to the channels is supported by internal communication, onboarding and training programmes.

Protection against reprisals
KGAL adopts a non-retaliation policy and protects whistleblowers from discrimination or reprisals when they report matters in good faith; this is enshrined in the Code of Conduct and Compliance Principles.

Assessment of the effectiveness of reporting channels
KGAL assesses the effectiveness of the channels on the basis of, amongst other things: awareness, accessibility, process quality (processing times, completion rate), trust and perceived protection (e.g. from surveys), as well as lessons learned from individual cases.

Approach to remedying the negative impacts on the company's own workforce
If KGAL causes or contributes to negative impacts on its own workforce (e.g. in the context of discrimination or harassment, an unreasonable workload or conflicts in the workplace), KGAL adopts a structured approach to remedy those impacts. Depending on the nature and severity of the problem, this typically involves the following measures:

- Receipt and case-specific **review and investigation** (involving HR, Compliance/Legal)
- **Protective measures** for those affected (e.g. organisational measures)
- **Corrective measures** (e.g. process-related or management measures, training, mediation)
- **Disciplinary measures** in the event of confirmed misconduct, in accordance with employment law provisions
- **Monitoring** of effectiveness and prevention of recurrence

Measures and resources relating to the company's own workforce

KGAL sets out the key measures and resources deployed by the company to manage the actual and potential impacts, risks and opportunities identified in the matrix. The measures address, in particular:

1. **Skilled labour and skills requirements**,
2. **Workload and well-being**,
3. **Equal treatment and diversity** and
4. **Culture, integrity** and **effective reporting and remedial mechanisms**.

Implementation is carried out through HR processes, management systems and supporting Compliance and ESG functions.

Workload, work ability and well-being
KGAL implements measures to promote a sustainable working environment, including programmes and initiatives to support work-life balance and enhance work capacity (e.g. as part of 'Balanced Working' initiatives), as well as support services such as an Employee Assistance Programme. The objective is to address peaks in workload at an early stage, reduce absenteeism and the risk of staff turnover, and safeguard performance in the long term.

Recruitment, retention and skills development
To minimise risks relating to skilled staff and expertise, KGAL employs structured recruitment and employee development measures, including:

- Targeted recruitment for critical roles (e.g. investment/asset management, risk/compliance, ESG, data/IT),
- Training and professional development programmes (including ESG, regulatory and digitalisation skills) and
- Measures to retain and develop staff (e.g. development reviews, career paths, leadership development).

Equal treatment, diversity, equality, inclusion
To embed its DEI principles, KGAL relies on measures designed to raise awareness, promote a respectful working environment and prevent discrimination and harassment. These include communication and training initiatives for managers, the integration of DEI considerations into HR processes, and the handling of incidents via defined HR and Compliance channels.

Speak-up culture, integrity and secure reporting channels
KGAL has established procedures that enable its own workforce to raise concerns and complaints confidentially and securely. This enables significant adverse impacts to be identified at an early stage and appropriate remedial measures to be taken. The company's own workforce has access to several reporting channels for this purpose, including a confidential point of contact within the company and an anonymous reporting channel. The procedure complies with the requirements of the Whistleblower Protection Act (HinSchG). Reports may be submitted in writing, verbally or in person. The reporting channels are communicated across the Group via the intranet, notices and training sessions.

Incoming reports are systematically recorded, reviewed and processed. Confirmation of receipt will be sent within seven days. No later than three months after this confirmation, the whistleblower will receive an update on the status of the case and on any follow-up measures that are planned or have been taken. This task is the responsibility of an independent Compliance Office, which is organisationally separate from operational management. Depending on the individual case, remedial measures may include organisational changes, mediation, training or disciplinary action. Their effectiveness is assessed through monitoring and feedback loops. Complaints are documented, analysed anonymously and reported regularly to the Management Board. The effectiveness of the channels is assessed on the basis of metrics such as the number of reports, the processing times and whistleblower satisfaction. Whistleblowers are expressly protected from reprisals by internal procedures and Germany's Whistleblower Protection Act. This also applies to employee representatives who pass on information on behalf of employees.

Remedial action and escalation
Where negative impacts are confirmed (e.g. discrimination, harassment, misconduct or serious conflicts), KGAL implements a tiered system of remedial and escalation measures. These include, for example, protective measures for those affected, mediation, training and management measures, as well as disciplinary measures in accordance with employment law.

Monitoring and evaluating effectiveness
KGAL monitors these measures on a risk-based basis using appropriate indicators, e.g.:

- Staff turnover and recruitment metrics (e.g. staff turnover)
- Health and well-being indicators (e.g. absenteeism, survey results)
- DEI metrics (e.g. gender distribution, trends over time)
- Use and processing of reports (e.g. number/types in aggregated form)

Resources used (financial and non-financial)
Measures are implemented using internal resources (including the HR department, managers and, where appropriate, the Compliance and Legal departments) and, where necessary, with external support (e.g. training providers and service providers).

Objectives relating to the company's own workforce

KGAL has defined a quantitative, overarching objective relating to the impacts, risks and opportunities in the area of its own workforce and is working towards achieving this objective as part of its human resources management.

Description of the objective
An above-average length of service is a key indicator of good management, effective HR practices and a healthy corporate culture. Through a broad range of employee initiatives and a modern, people-centred management culture, KGAL achieves a high level of staff retention.

Target value
Average length of service of more than 10 years (reporting year 2025)

Sustainability relevance
The company's own workforce is the central area of focus within social matters.

Coverage
KGAL Group

Methodology
Data collection through annual HR metrics reporting

Frequency
Annually

Controls
The controls are defined in conjunction with methodology and frequency.

Characteristics of KGAL employees

Objective
The purpose of this disclosure is to provide an insight into KGAL's employment practices, including job security for its own workforce. This disclosure also forms the basis for calculating certain quantitative metrics required under other disclosure requirements of this standard. In addition, it provides contextual information on these metrics.

Total number of employees – breakdown by gender and country
KGAL discloses its total headcount and provides a breakdown by gender. In addition, the figures are broken down by country.

Methodological note:

- Survey method: Year-end reporting date: 31 December 2025
- Coverage area scope: KGAL Group
- Data source: P&I Loga

Employees by contract type
KGAL discloses the total number of **fixed-term** employees by headcount (broken down by gender).

Methodological note:

- Unit: Headcount
- Definitions: In accordance with employment law

Staff turnover rate
KGAL discloses the staff turnover rate for the reporting period.

Definition/methodology:

- Departures:
  Voluntary + involuntary + retirement + other
- Reference value: Headcount
- Calculation formula:
  Staff turnover rate = (number of departures during the period/average headcount) × 100

Staff turnover rate in 2025: 6.21%

Qualitative explanation of any discrepancies
The reported employee figures are based on P&I Loga and are calculated as at 31 December. Any discrepancies compared with the number of employees reported in the annual financial statements arise from differences in the methodology applied.

Characteristics of non-employees (not material)

KGAL has reviewed this information in accordance with its double materiality assessment and classified it as not material. The reason for this is that KGAL employs virtually no non-employees (e.g. agency workers or freelancers) and the associated potential implications, risks and opportunities are therefore considered not material. Consequently, detailed information is not reported; any individual cases are addressed through the general HR and Compliance processes.

Collective agreements/collective bargaining agreements and works agreements (not material)

KGAL has reviewed the disclosure requirements as part of its double materiality assessment and classified them as not material. The reason for this is that KGAL has not entered into any collective agreements (e.g. collective bargaining agreements or comparable Group-wide collective agreements) and the associated impacts, risks and opportunities are therefore considered not material. Consequently, detailed information is not reported.

Diversity metrics

For KGAL, promoting diversity and equality amongst its workforce and within its management bodies is an essential part of responsible corporate governance. The following information provides an transparency on the gender distribution and age structure during the reporting period.

Employees by gender (headcount)

Gender	Current reporting period (2025)	Previous year (2024)
Female	183	192
Male	221	212
Non-binary/other	0	0
Total	404	404

Employees in the largest countries (headcount)

Country	Current reporting period (2025)	Previous year (2024)
Germany	388	389
Austria	6	6
United Kingdom	3	3
Slovenia	7	6

Employees by contract type (headcount)

	Female	Male	Non-binary	Total
Fixed-term – current reporting year (2025)	5	4	0	9
Fixed-term – previous year (2024)	4	4	0	8

Gender distribution in top management and at the highest leadership level

The following overview shows the number and percentage of women, men and non-binary people in top management, comprising the Management Board, divisional heads and department heads.

The figures are given as a proportion of the total number of staff at the relevant management level. This makes it possible, amongst other things, to see how women and diversity groups are represented in key positions.

KGAL is committed to further increasing the level of diversity across all business areas and at all levels of the company. In particular, KGAL operates in a highly competitive labour market. Therefore, its attractiveness as an employer should not only continue to be strengthened but also be communicated more effectively.

To supplement the information on gender distribution, the age structure of highest leadership level is also reported. This provides transparency regarding how the different generations are represented in decision-making positions.

This information can be used to assess the stability of the employment structure and the company's efforts to promote young talent.

The age structure of the various management levels is not only a key metric relating to workforce demographics, but also an indicator of the company's strategic direction. A balanced mix of experienced managers and young talent ensures stability and risk awareness, as well as the capacity for innovation and the implementation of the ESG agenda. This diversity promotes KGAL's long-term resilience and competitiveness.

For KGAL, this means, in practical terms, that diversity is recognised as a key factor in innovation capability, the quality of decision-making and long-term competitiveness. Building on the metrics collected, the company plans to systematically develop its existing diversity strategy further and to define measurable targets in order to strengthen the group's ESG approach.

Fair wages (not material)

KGAL has reviewed the information as part of its double materiality assessment and classified it as not material. The reason for this is that no significant actual or potential adverse impacts relating to inappropriate wages have been identified for the company's own workforce. Employees' remuneration is determined on the basis of the applicable labour and pay legislation in the countries in which KGAL operates, as well as in accordance with internal remuneration principles and market-based benchmarks. There are no indications of structural risks (e.g. wages falling below statutory minimum wage levels or a systematic failure to cover basic living costs) for the 2025 reporting year. Consequently, detailed information is not disclosed; the appropriateness of remuneration is monitored through HR and Compliance processes, as well as feedback channels.

Gender distribution in top management and at the highest leadership level

Level	Women (%)	Men (%)	Non-binary (%)
Management	17%	83%	0%
Senior level	18%	82%	0%
KGAL Group as a whole	45%	55%	0%

Age structure of employees and top management

Diversity/percentage of employees	Management	Senior level	KGAL Group
Age groups			
Under 30	0%	0%	5.35%
30–40 years	0%	9.23%	17.27%
41–49 years	10%	20.27%	27.25%
50–60 years	70%	60.87%	42.58%
Over 60 years	20%	9.63%	7.54%
Average age	**55.90**	52.57	**48.29**

Social security (not material)

KGAL has reviewed the information as part of its double materiality assessment and classified it as not material. The company's own workforce is almost entirely employed in Germany and is therefore subject to the social security legislation in force there (including health, pension, unemployment and long-term care insurance). Against this background, no significant actual or potential negative impacts relating to a lack of social security have been identified; furthermore, the business model is not geared towards atypical or precarious forms of employment. Consequently, the detailed information is not reported; compliance with statutory requirements is ensured through established HR and payroll processes.

People with disabilities (not material)

KGAL has reviewed the information as part of its double materiality assessment and classified it as not material, because no material actual or potential impacts, risks or opportunities relating to the inclusion of people with disabilities were identified. The workforce is almost entirely employed in Germany, and the relevant labour and equal treatment legislation is implemented through existing HR processes; individual support needs are addressed on a case-by-case basis. Furthermore, KGAL does not systematically collect data on 'disability' where this is not required by law or is only permitted to a limited extent. Consequently, the detailed quantitative figures are not reported.

Metrics for continuing professional development and skills development

The ongoing professional development and skills enhancement of its staff are of vital importance to KGAL. Not only does this help to ensure regulatory compliance and adaptability to market changes, but it also promotes long-term competitiveness and attractiveness as an employer. The asset management sector is characterised by complex regulatory requirements, digitalisation and pressure to innovate; it is therefore essential for KGAL to provide its employees with ongoing training and professional development opportunities. This boosts staff retention and specifically helps to address the shortage of skilled workers.

Purpose and coverage
KGAL discloses available information on the further training and skills development of its own workforce in order to provide transparency regarding the management of material impacts, risks and opportunities in the area of human resources (in particular, securing a skilled workforce, skills gaps, staff retention and performance).

Proportion of employees who have regular performance and development reviews
KGAL reports the proportion of its own workforce who received a formal performance and development review during the reporting period. These regular meetings serve to agree on individual objectives, identify areas for development and coordinate career paths.

Proportion of employees who undergo formal appraisals

	Current reporting year (2025)	Previous year (2024)
Proportion of employees who have undergone formal appraisals (%)	100%	100%

- **Definition:** A 'formal review' is deemed to have taken place where a documented discussion on performance, development, objectives and/or training and development measures has been recorded in the HR/management system.
- **Scope:** Own workforce
- **Data source:** P&I Loga
- **Reporting basis:** All employees

Average number of hours of further training per employee
KGAL systematically provides its employees with access to professional and personal development programmes. These range from ESG-related training and digital skills to leadership development. Access to learning opportunities is provided both via internal platforms and through external providers. The effectiveness of the measures is regularly reviewed, including through feedback forms, participation rates and the incorporation of the results into employee development. Training needs are identified through, amongst other things, staff appraisals, development discussions, team planning and compliance requirements, and are incorporated into annual action plans.

A system migration was initiated during the reporting year. No metrics are therefore available for 2025.

Methodological notes and quality assurance
KGAL ensures that training and review data are collected consistently, including through defined HR processes, centralised documentation and validation procedures.

Health and safety metrics

Objective
KGAL publishes metrics that provide an insight into the coverage, quality and performance of its occupational health and safety management system, which is designed to prevent work-related accidents, work-related illnesses and work-related accidents, illnesses and fatalities.

As a predominantly office-based company, KGAL is typically exposed to lower physical health and safety risks amongst its own workforce than manufacturing companies; key management approaches therefore focus in particular on compliance with statutory health and safety requirements, the prevention of work-related strain, and the systematic handling and follow-up of incidents.

Corporate Services carries out risk assessments on a regular basis, from which appropriate measures are derived. Employees receive regular health and safety training.

Coverage provided by the occupational health and safety and health management system

KGAL ensures that its own workforce, which operates primarily in Germany, is covered by an occupational health and safety management system that complies with statutory requirements and established guidelines. Coverage is reported on a headcount basis.

Fatalities

KGAL reports – subject to legal restrictions – the total number of fatalities:

- resulting from reportable work-related accidents involving all members of its own workforce, as well as individuals working at KGAL sites who are not part of its own workforce, and
- resulting from reportable work-related illnesses among employees.

Number and accident rate of reportable work-related accidents

KGAL reports the number of work-related accidents that are subject to reporting requirements.

Cases of reportable work-related illnesses (employees)

KGAL reports – subject to legal restrictions – the number of cases of reportable work-related illnesses among its employees.

Scope of the occupational health and safety/health management system

Key metric	Reporting year (2025)	Previous year (2024)
Proportion of the company's own workforce covered by the occupational health and safety and health management system (%)	100%	100%

Fatalities among the company's own workforce

Key metric	Reporting year (2025)	Previous year (2024)
Fatalities resulting from reportable work-related accidents (own workforce + individuals at KGAL sites who are not part of the company's own workforce)	0	0
Fatalities resulting from reportable work-related illnesses (employees)	0	0

Reportable accidents

Key metric	Reporting year (2025)	Previous year (2024)
Number of reportable work-related accidents	1	2

Reportable work-related illnesses

Key metric	Reporting year (2025)	Previous year (2024)
Number of reportable work-related illnesses	0	0

Lost days

KGAL reports the number of days lost as a result of reportable work-related accidents and reportable work-related illnesses. The calculation is based on calendar days (including weekends and public holidays) and includes the first and last full days of absence.

Work-life balance metrics

Objective

KGAL publishes metrics on work-life balance to provide an insight into the extent to which employees are entitled to family-related leave. These include maternity leave, leave for fathers and partners, parental leave and care leave.

Proportion of employees entitled to family-related leave

KGAL's workforce is employed almost exclusively in Germany. Against this background, entitlement to family-related leave essentially arises from statutory provisions (and, where applicable, supplementary company regulations). KGAL therefore discloses the proportion of employees who are entitled to such leave during the reporting period.

Lost days

Key metric	Reporting year (2025)	Previous year (2024)
Days lost due to reportable work-related accidents	3	15
Days lost due to reportable work-related illnesses	0	0

Key metric

Key metric	Reporting year (2025)	Previous year (2024)
Proportion of employees entitled to family-related leave (%)	100%	100%

Under German legislation, employees are entitled to maternity leave, parental leave (which may also be taken by the other parent) and care and support leave.

Remuneration metrics

The objective of this disclosure is to provide an understanding of the extent of the pay gap between women and men among employees, as well as the extent of pay inequality within KGAL.

Unadjusted gender pay gap
KGAL reports the gender pay gap as the difference between the average pay levels of female and male employees, expressed as a percentage of the average pay level of male employees.

Calculation (gross hourly rate)
Gender pay gap (%) = ((average gross hourly pay for men – average gross hourly pay for women)/average gross hourly pay for men) * 100

Coverage and remuneration components:

- The calculation includes **all male and female employees**.
- The calculation includes: (1) the **regular basic pay** and (2) **other remuneration components** that benefit **all employees** , **whether in cash or in kind**, which employees receive **directly or indirectly** in connection with the employment relationship (including supplementary or variable components).

Interpretation: The figure is **unadjusted** and reflects the overall difference without statistically adjusting for underlying causes (e.g. mix of roles/functions).

Value: Gender pay gap (unadjusted) for **reporting year 2025: 26.03%**

Gender pay gap and pay ratio

Key metric	Reporting year 2025	Brief definition
Unadjusted gender pay gap	26.03%	Difference between the average gross hourly pay of men and women/ average gross hourly pay of men × 100
Remuneration ratio (top: median)	4.03	Total annual remuneration of the highest-paid individual/ median (excluding the highest-paid individual)

Ratio of total annual remuneration (highest-paid individual to median)
KGAL discloses the ratio of the **total annual remuneration of the highest-paid individual** to the **median total remuneration** of all employees (excluding the highest-paid individual).

Coverage and remuneration components:

- The calculation includes all employees.
- The calculation includes the basic pay (the sum of guaranteed, short-term and non-variable cash remuneration).
- The following are also included:
  (1) **Cash benefits** (e.g. allowances, bonuses, commissions, profit-sharing, other variable cash payments), (2) **Benefits in kind** (e.g. company cars, private health/life insurance, wellness programmes), (3) **Annual fair value of all long-term incentives** (e.g. share options, restricted shares/units, performance shares/units, phantom shares, stock appreciation rights, long-term cash awards).

Calculation formula:
Remuneration ratio = (total annual remuneration of the highest-paid individual)/(median total annual remuneration of all employees, excluding the highest-paid individual)

Value: Remuneration ratio for **reporting year 2025: 4.03**

Incidents of discrimination and other human rights incidents

KGAL discloses information on confirmed incidents of discrimination and other human rights incidents involving its own workforce in order to illustrate the extent to which such incidents affect its workforce.

Incidents of discrimination (including harassment)
KGAL reports – subject to data protection regulations – on the number of confirmed incidents of discrimination in the workplace, in particular on the grounds of gender, racial or ethnic origin, nationality, religion or worldview, disability, age, sexual orientation or other relevant forms of discrimination (including harassment).

Definition: Incidents are defined as confirmed cases which (i) are or have been the subject of judicial or extrajudicial proceedings (e.g. court or conciliation proceedings) and/or (ii) have been recorded through internal processes and reporting systems and, following review, have been assessed as substantiated.

Report indicator:
- Number of confirmed incidents of discrimination in the reporting year: 0
- Previous year: 0

Incidents of discrimination and other human rights incidents

Key metric	Reporting year (2025)	Previous year (2024)
Confirmed incidents of discrimination (including harassment)	0	0
Confirmed other human rights incidents (excluding discrimination)	0	0
Fines/penalties/compensation (total, in EUR)	0	0

Other human rights incidents (excluding discrimination)
KGAL reports – subject to data protection regulations – on the number of confirmed other human rights incidents relating to its own workforce. These include confirmed incidents relating to respect for internationally recognised human rights.

Definition: The data covers confirmed cases which (i) are or have been the subject of judicial or extrajudicial proceedings and/or (ii) have been recorded through internal processes and, following review, have been assessed as substantiated.

Report indicator:
- Number of confirmed other human rights incidents during the reporting year: 0
- Previous year: 0

Cash amounts (recognised in the balance sheet)
KGAL discloses the total amount of fines, penalties and compensation / damages recognised in the financial statements during the reporting period in connection with the aforementioned incidents.

- Total amount (reporting year, in EUR): 0
- Previous year (in EUR): 0

Methodology and classification

- **Data collection:** The figures are based on internal reports and investigation processes (including HR and Compliance), including the whistleblowing scheme and complaints channels.
- **Validation logic:** Only substantiated or confirmed cases are counted (once the case has been concluded or the facts have been sufficiently clarified).
- **Materiality filter:** The decision as to whether to report, and to what level of detail, is based primarily on the severity of the impact on the company's own workforce.
- **Data protection:** Data is provided in aggregated form and in accordance with the relevant data protection requirements.

Report section

4 *People in the value chain*

Workforce in the value chain

In the topic area of 'Workforce in the value chain', KGAL describes how the company identifies, assesses and manages actual and potential impacts, risks and opportunities relating to the workforce at suppliers, service providers and other business partners.

As an investment and asset manager specialising in real assets, potentially significant matters may arise, particularly where activities are outsourced or carried out by partners, for example in construction and fit-out works, project development, the operation and maintenance of assets, and facility and technical services. These activities are concentrated primarily on OECD and EU markets, where minimum regulatory standards for labour rights apply. KGAL expressly recognises that the workforce in the value chain is not merely an external resource, but a stakeholder group whose rights, interests and expectations must be taken into account. This section therefore describes the relevant value chain relationships, the impacts, opportunities and risks that were identified as material as part of the double materiality assessment, and the related policies, measures, metrics and targets. The basic cross-cutting information on governance, the business model, stakeholder engagement and the materiality process is set out in the 'General information' section and is supplemented here on a matter-specific basis.

Categories of workers in the value chain
To ensure greater transparency, KGAL defines the relevant categories of workers as follows:

- Temporary agency workers: Employees who are temporarily assigned to projects by external recruitment agencies (placeholder: data volume).

- Self-employed persons in a position of economic dependence: e.g. individual specialist advisers or freelance experts who work for KGAL on a regular basis.

- Subcontractors: e.g. construction and refurbishment firms, technical trades, craft businesses.

- Service providers with their own staff: Facility and property managers, cleaning and security companies, IT providers.

Scope of the report and data availability
The data on the workforce in the value chain covers both upstream and downstream value chains. The scope and coverage are updated as and when necessary.

The interests and views of relevant stakeholders regarding the workforce in the value chain

At KGAL, expectations regarding responsible conduct throughout the value chain are shaped by ongoing dialogue with stakeholders. These include investors, service providers, suppliers and society. The outcomes of this engagement are incorporated into policies such as the Principles of Sustainable Procurement and Business Partner Due Diligence.

KGAL maintains a dialogue with stakeholders across the value chain at various levels:

- **Suppliers:** Mandatory confirmation of adherence to the principles of sustainable procurement (including human rights and labour standards, the UN Global Compact and ILO standards). Where irregularities are identified, KGAL first seeks to clarify the matter through dialogue; if no remedial action is taken, the business relationship may be terminated.
- **Service provider:** In the real estate and infrastructure sector, we work closely with project developers and property/facility managers, as well as facility operators, who ensure compliance with health and safety regulations.
- **Investors and society:** The publication of policies and sustainability reports promotes transparency and accountability regarding expectations along the value chain.

Material impacts, risks and opportunities relating to the workforce in the value chain

Sub-topic	Material impacts/risks/opportunities	At what stage of the value chain?	Stakeholder groups affected
Health and safety at work	**Potential negative impact:** Accidents at work/health problems (e.g. on building sites, during maintenance or technical work) **Risk:** Risks of disruption or delay, liability, reputational damage: **Opportunity:** Prevention through clear requirements and partner management; reputation protection	Upstream (construction/refurbishment); downstream (operation/maintenance)	Construction and fit-out companies, technical maintenance (renewable energy/property), operators
Fair working conditions	**Potential negative impact:** Unfair pay, excessively long working hours, precarious employment, particularly within subcontracting chains **Risk:** Reputational, project and partner risks; **Opportunity:** Consistent performance/quality through minimum standards and long-term partners	Upstream and downstream	Cleaning/security, facility/property service providers, construction/subcontractors, maintenance service providers
Human rights/forced labour	**Potential negative impact:** Human rights violations in (sub-)supply chains **Risk:** Serious reputational and compliance risks, increased financing risks	Primarily upstream (suppliers/project chain)	Workers employed by suppliers and service providers, particularly within complex subcontracting chains
Non-discrimination/equal treatment	**Potential negative impact:** Discrimination within service provider structures **Risk:** Reputational and performance risks **Opportunity:** Improved quality and retention among service providers through clear requirements and monitoring	Upstream and own operations	Workers employed by service providers (facilities management, security, cleaning, construction), and operators where applicable
Complaints and remedial mechanisms	**Potential negative impact:** Lack of access to complaints mechanisms → unresolved grievances **Risk:** Escalation to incidents / adverse media coverage **Opportunity:** Early identification / remediation, improved partner performance, faster response, protection of reputation	Upstream and own operations (via partners)	Workers by suppliers/service providers (including subcontractors)
Service provider/third-party management	**Potential negative impact:** Service disruption **Risk:** Inadequate controls/transparency in outsourced activities **Opportunity:** Robust processes strengthen investor confidence, reduce incidents and improve data quality	Upstream and downstream	All key service provider categories (construction, operations, maintenance, facilities management, security/cleaning, operators)
Data availability and management capability	**Potential negative impact:** Poor decision-making and missed opportunities and risks **Risk:** Lack of/inconsistent data on working conditions at service providers → limited management oversight and reporting capability **Opportunity:** Improved data availability enhances risk management and auditable reporting	Across the value chain	All categories (depending on data access via partners)

Interaction with strategy and the business model

The impacts, risks and opportunities identified for KGAL in relation to the workforce in the value chain are closely linked to the business strategy. The link between these impacts, risks and opportunities and the business strategy is evident at several levels:

- **Business model:** As KGAL does not engage in production in the strict sense of the word, but rather acquires, structures and manages assets, part of the operational value creation is carried out by external partners. The workforce in the value chain is therefore an integral part of the business model.
- **Policies and due diligence:** The Principles of Sustainable Procurement and Business Partner Due Diligence translate the strategic ESG focus into binding requirements for business partners. This ensures that the impact on the workforce is directly integrated into business practice.
- **Investor expectations:** Institutional investors are increasingly demanding transparency regarding ESG standards throughout the value chain. By consistently integrating these aspects, KGAL is strengthening its position as a responsible asset manager.
- **Future orientation:** Consistent management of work-related risks and opportunities enables KGAL to position itself at an early stage in an environment of increasing regulatory requirements (CSRD, EU Taxonomy, supply chain legislation) and to secure competitive advantages.

Policies relating to the workforce in the value chain

KGAL manages material impacts, risks and opportunities relating to the workforce in the value chain through a policy framework. This includes, in particular,

(a) **ESG Policy and Strategy**, and Minimum Safeguards

(b) **Principles of Sustainable Procurement** and **Business Partner Code of Conduct**

(c) **Requirements for Property Managers and Operators**, and

(d) **Corporate Principles**

This framework sets out expectations for suppliers, service providers and contractors. It aims to prevent or mitigate negative impacts (e.g. inadequate working conditions, health and safety at work, human rights violations in supply chains) and to ensure compliance with key ESG and Compliance requirements in our working relationships.

The guidelines apply to employees of suppliers, service providers and contractors, provided that KGAL is able to exert influence through contractual and management mechanisms. In practice, this includes, in particular, (a) outsourced services within the company's own office environment (e.g. cleaning, security, IT service providers) and (b) partners relevant to asset management (e.g. construction, fit-out and technical service providers; operators and maintenance partners). The exact breakdown is by asset class/fund/region.

Where experience shows that risks are more likely to arise at lower levels of the supply chain (e.g. in supply chains relating to raw materials or components), these are taken into account in the risk and due diligence framework.

The 'Principles of Sustainable Procurement' require suppliers, amongst other things, to comply with the ten principles of the UN Global Compact and the ILO's Core Labour Standards. The requirements include compliance with labour, environmental and anti-corruption legislation; fair pay or payment of the minimum wage; a ban on child labour and forced labour; health and safety standards; reasonable working hours; and the application of these standards throughout their own supply chain. Following unsuccessful dialogue, breaches may result in the termination of the business relationship with immediate effect.

The requirements for sustainable procurement are implemented in a binding manner through contractual agreements, KYC and business partner due diligence, and regular audits. Whilst the ESG Office is responsible for strategic development, the procurement and business units are responsible for operational implementation. Risks arising from the value chain are integrated into the overarching risk management framework. This ensures that the results of the materiality assessment are directly incorporated into the management of business relationships and into KGAL's strategic direction, rather than remaining isolated.

This integration highlights the close link between addressing material impacts, risks and opportunities, and the company's strategy and business model: on the one hand, risks within the value chain can affect the stability of asset and investment strategies; on the other hand, consistent adherence to high ESG standards opens up opportunities for differentiation in the market.

KGAL communicates the relevant expectations and requirements to the respective internal roles responsible and, where applicable, to suppliers, service providers and contractors. This is achieved through procurement and onboarding processes (e.g. mandatory principles of sustainable procurement), through contractual requirements (e.g. contract clauses, supplier confirmations) and through risk-based review and management processes throughout the partnership. In addition, ad hoc internal awareness-raising initiatives are carried out.

Alignment with international standards

Where relevant, KGAL bases its supply chain policy on internationally recognised benchmarks (in particular standards relating to labour and human rights) and incorporates these as expectations into its procurement and collaboration processes. These include, amongst others, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO's Core Labour Standards

When drawing up the guidelines, account is taken, where available, of insights gained from stakeholder feedback, investor expectations and risk analyses.

As a technical asset manager, KGAL is a member, via GOAL, of the world's leading non-profit organisation, the Aircraft Fleet Recycling Association (AFRA). This enables KGAL to actively influence AFRA's recognised Best Management Practice (BMP) Guidelines for Aircraft Recycling and to further develop them with a view to responsible end-of-life recycling.

Coverage of human trafficking, forced or compulsory labour and child labour
The guidelines and principles relevant to the workforce in the value chain are designed to prevent modern slavery and human trafficking, and to ensure that minimum human rights standards are upheld throughout the supply and service chains. In particular, this includes the expectation that suppliers and service providers will comply with labour and human rights requirements.

Business Partner Code of Conduct
KGAL has its own 'Business Partner Code of Conduct'. KGAL sets out publicly the requirements for suppliers and contractors, particularly with regard to the principles of sustainable procurement, participation in audits carried out by third parties or business partners, and contractual requirements.

Overview of policies and guidelines

Sustainability matter	Policy/approach	Coverage	Method of implementation	International standards
Human rights and labour standards	Business Partner Code of Conduct; ESG Policy	All direct suppliers and business partners	Contractual clauses, annual confirmation, due diligence	UN Global Compact, ILO Core Labour Standards, OECD Guidelines
Health and safety	Requirements for property managers and operators	Managers of assets across all asset classes	Contractual agreements, ESG checks, audits	National health and safety legislation
Diversity and non-discrimination	Commitment under the Business Partner Code of Conduct	All business partners	Contractual obligation, self-assessment	EU Directives on Equal Treatment
Forced labour and child labour	Zero-tolerance policy	Global	Contractual clauses, screening as part of business partner due diligence	ILO Conventions

Procedures for involving the workforce in the value chain, reporting channels and remedies

Approach and objectives
KGAL adopts a risk-based and practical approach to integrating the workforce in the value chain. The objective is to identify at an early stage any significant actual or potential impacts on workers, including agency workers, economically dependent self-employed persons, subcontractors and service providers with their own staff; to take these into account in decision-making; and – where necessary – to enable remedial action to be taken. The focus is on value chain configurations that are particularly relevant to working conditions, especially in the areas of construction, refurbishment and technical services, operational and maintenance services, and other outsourced services.

How KGAL involves stakeholders and how their perspectives are taken into account in decision-making
KGAL generally involves the workforce in the value chain indirectly, through its management of the relevant business partners (e.g. operators, property and facility managers, construction companies, maintenance service providers). Integration is achieved in particular through:

- **Due diligence and onboarding processes** for service providers/suppliers (including risk-based enquiries regarding working conditions and minimum human rights standards);
- **Regular performance and quality reviews** with key service providers (including health and safety and ESG aspects, where relevant);
- **Project- and site-specific management** (e.g. site and health and safety standards, requirements for subcontractors, guidelines on working hours and qualifications);
- **Incident and escalation processes** (e.g. in the event of health and safety incidents or suspected incidents), including 'lessons learnt' and, where necessary, adjustments to requirements or contracts.

Insights gained from these formats are incorporated into decisions regarding selection, contract drafting, performance management, the renewal or termination of business relationships, and the prioritisation of preventive and improvement measures.

Involvement of groups that are potentially particularly vulnerable or marginalised
KGAL takes into account that workers in certain service sectors (in particular construction and refurbishment, cleaning, security and technical maintenance) may be potentially vulnerable, for example employees in subcontracting chains, those in non-standard forms of employment, or those working in high-risk regions. Information on these groups is obtained – depending on risk and data availability – through risk-based partner enquiries, on-site audits, site visits and/or credible proxy information (e.g. operator/service provider management, industry information and, where appropriate, external expertise).

Reporting channels and complaints procedures
Workers in the value chain can report concerns and provide information about potential irregularities. In particular, via the channels of the relevant service providers/employers (as the primary means of access). Key service providers are expected to have appropriate channels for handling complaints and to treat any information received in confidence. Feedback is documented centrally and is taken into account in the supplier assessment.

KGAL is committed to protecting whistleblowers from discrimination or reprisals and expects its relevant business partners to have appropriate safeguards in place as well.

Approach to resolution and escalation
Where there is confirmed or plausible evidence of adverse impacts on the workforce in the value chain, KGAL adopts an approach comprising immediate measures, root cause analysis and corrective actions. This approach is categorised according to severity and scope for influence. Depending on the circumstances, these may include, for example:

- Implementation of **correction plans** with clear responsibilities and deadlines;
- Additional **inspections/audits**, training or health and safety measures;
- **Further contractual measures** or escalation, up to and including **termination of the business relationship**.
- In serious cases, Compliance and Legal may be involved and – if necessary – a report may be made to the relevant authorities.

Effectiveness of the channels
KGAL assesses the effectiveness of its identification and remediation processes on a risk-based basis, using various criteria such as the time of the incident versus the time of detection, processing times, resolution rates and recurring causes.

Measures and resources relating to the workforce in the value chain

Key functions and resources
KGAL sets out below the key measures and resources deployed to manage the actual and potential positive and negative impacts, risks and opportunities relating to the workforce in the value chain that are assessed as material. In line with our business model as an asset manager for real assets, the focus is on procurement and contracting, the management of service providers and operators, and the monitoring of project- and asset-related performance (particularly in relation to construction and refurbishment, operation and maintenance).

Key measures for prevention, mitigation and remediation
KGAL implements and further develops the following measures in particular to prevent, mitigate and – where necessary – remedy any adverse impacts on the workforce in the value chain:

1. Risk-based third-party/business partner due diligence

- Risk-based assessment and classification of suppliers/service providers during onboarding and in the event of significant changes,
- Compliance with minimum human rights and labour standards (including the prohibition of forced labour, child labour and modern slavery),
- Escalation in the event of irregularities (e.g. additional evidence, corrective measures, termination of the business relationship).

2. Contractual management and minimum standards (including subcontractor chains)

- Integration of minimum standards into contracts (e.g. compliance and human rights requirements, health and safety requirements for construction and maintenance);
- Requirements for the management of subcontractors and subcontractor chains (e.g. obligations to pass on information, documentation and evidence requirements);
- Defined sanctions/escalation procedures in the event of breaches.

3. Service provider and operator management in an asset/project context

- Ongoing performance monitoring of key service providers and operators (including health and safety and ESG-related aspects, where required on a risk-based basis);
- Incident and escalation processes (including lessons learned) for significant incidents;
- Site inspections/audits, carried out as required during construction, refurbishment and maintenance work.

4. Training and awareness-raising for internal staff

- Targeted awareness-raising among the internal functions that have the greatest influence on these matters (e.g. Procurement/Contracting, Investment/Transactions, Asset/Portfolio Management, Legal/Compliance),
- Focus on policies, potential risk indicators (e.g. subcontracting, working time and pay indicators, health and safety risks) and their practical application.

5. Remedial approach depending on the link to the impacts

KGAL tailors its remedial measures to whether KGAL causes, contributes to or is directly linked to adverse impacts through its business relationships. Depending on the scope for influence, remedies can range from ensuring that the service provider implements specific corrective measures to terminating the business relationship; where appropriate, sector-wide measures (e.g. through industry initiatives or standards) may also be utilised.

Dealing with conflicting objectives
KGAL describes how minimum human rights and labour standards are upheld in situations where there are conflicting objectives – such as when there is time or cost pressure in procurement, project management or operations. These include, in particular: minimum requirements as ‘no-go’ criteria, obligations to escalate any deviations, and the option to adjust the scope of services or the timeline, or to change service providers, if the standards are not met.

Monitoring and evaluating effectiveness
KGAL adopts a risk-based approach to assessing the effectiveness of measures for the workforce in the value chain. Depending on the availability and relevance of the data, this includes, amongst other things:

- Monitoring the coverage of due diligence and onboarding checks (e.g. the proportion of key service providers that have been audited);
- Analysis of incidents (e.g. health and safety-related incidents during construction or maintenance, recurring non-conformities);

- Status and completion of corrective action plans, including deadlines and evidence of effectiveness, and the resources deployed.

The measures are implemented by bringing together the relevant functional areas (including ESG functions within the asset classes, the ESG Office, Compliance, Legal, Procurement/Vendor Management, and Investment/Asset Management) and, where necessary, by drawing on external expertise (e.g. audits, specialist consultancy, industry standards).

Human rights incidents during the reporting period
For the material matters identified, KGAL states whether any substantiated human rights incidents relating to the workforce in the value chain were identified during the reporting period (including any judicial or non-judicial proceedings initiated, or incidents recorded internally).

- Number of substantiated incidents: **0**
- Types/categories (aggregated): **None**
- Brief description of the measures addressed (aggregated): **None**
- Note on data protection/confidentiality: **None**

Targets relating to the workforce in the value chain

The management structures relating to the value chain are currently being further expanded and optimised. The provisional target is to keep the number of substantiated incidents at zero.

Report section

5 *Good corporate governance*

Corporate governance

As an internationally active asset manager with complex financing structures and diverse stakeholder relationships, KGAL is subject to particularly high standards of integrity and regulatory compliance.

In the topic area of 'corporate governance', KGAL describes how integrity, compliant conduct and responsible business practices are ensured across the Group, and how KGAL manages the associated material impacts, risks and opportunities. The focus is on preventing and addressing misconduct (including corruption and bribery, conflicts of interest and violations in dealings with business partners and service providers, as well as reputational and other compliance-related risks) throughout KGAL's own business operations and, where relevant, throughout the value chain.

To provide context, the impacts, risks and opportunities identified as material for this topical area as part of the double materiality assessment are summarised in the overview below.

Corporate culture and corporate governance concepts

At KGAL, governance and business conduct have a significant influence on the strategic direction and resilience of the business model, particularly through regulatory requirements relating to sustainable finance (e.g. product classification, reporting and compliance obligations) and through factors relating to reputation and trust among investors and business partners. The integration of these key governance IROs into the strategy, business model and value chain is therefore also described in the 'General information' section.

Material impacts, risks and opportunities relating to corporate governance

Sub-topic	Material impacts/risks/opportunities	At what stage of the value chain?	Stakeholder groups affected
Corruption/bribery	**Potential negative impact:** Harm to stakeholders, loss of the licence to operate **Risk:** Fines, investigations, reputational and business risks **Opportunity:** Trust/maintaining the licence to operate through prevention	Own operations and business partner relationships	Investors/clients, employees, business partners, supervisory bodies/authorities
Financial crime (AML/TF), financial sanctions	**Potential negative impact:** Harm to stakeholders, loss of the licence to operate **Risk:** Legal and financial consequences and reputational damage in the event of breaches **Opportunity:** Robust controls help safeguard market access	Own operations and third parties (business partner due diligence)	Investors/clients, public authorities, business partners, employees
Conflicts of interest	**Potential negative impact:** Harm to stakeholders, loss of the licence to operate **Risk:** Misaligned incentives, compliance breaches, damage to reputation **Opportunity:** Maintaining our reputation as a fair market player and partner	Own operations	Investors/clients, employees, business partners
Whistleblower scheme	**Potential negative impact:** Harm to stakeholders, failure to identify risks and weaknesses in processes **Risk:** Hidden breaches due to ineffective reporting channels **Opportunity:** Early detection, a stronger culture of integrity	Own operations	Employees (primarily), and external stakeholders where applicable
Political influence/associations/lobbying	**Potential negative impact:** Harm to stakeholders, reputational risks **Risk:** Reputational and compliance risks associated with non-transparent lobbying **Opportunity:** Helping to shape practical regulatory frameworks (Sustainable Finance/Real Assets)	Own operations (through association work)	Investors/clients, the public, regulators
Political contributions/party donations	**Risk:** Reputational risk/compliance in relation to gifts	Own operations	The public, investors/clients, regulators
Value chain: Modern slavery/human trafficking (third-party conduct)	**Potential negative impact:** Human rights violations among suppliers and service providers **Risk:** Reputational and compliance risks **Opportunity:** Higher supplier standards	Upstream and downstream value chain (suppliers/service providers)	Workforce in the value chain, business partners, investors/clients

KGAL has a company-wide framework governing business conduct, centred on the Code of Conduct and supplemented by compliance and due diligence requirements. The objective of these policies is to ensure integrity, legally compliant conduct and responsible business practices across all relevant functions, thereby preventing, mitigating, in the event of incidents, consistently addressing significant governance risks (including, amongst others, corruption/bribery, conflicts of interest, breaches of financial sanctions/AML requirements, and unethical conduct by business partners). Compliance with the Code of Conduct is integrated into HR processes. Breaches may affect the achievement of targets and remuneration, and may result in disciplinary action or even the involvement of the authorities.

KGAL therefore organises mandatory internal training on corporate governance. All staff members receive compliance training on joining the company, while managers and specialists receive regular in-depth ESG training. Mandatory refresher training courses take place regularly. Topics include, among others: whistleblowing procedures and the prevention of money laundering and corruption. Such training courses are documented and form part of the governance and risk management framework.

Key content and objectives of the policies
The policies address the following in particular:

- **Integrity and Compliance** (including, among other things, rules on appropriate conduct, dealing with breaches of the rules, and disciplinary measures)

- **Prevention of financial crime** (including money laundering/terrorist financing, **fraud, bribery and corruption**, financial sanctions) as well as corresponding business partner due diligence processes,

- **Responsible procurement/contracting** (including requirements for sustainable procurement and expectations placed on service providers)

- **Whistleblowing scheme/whistleblowing**

Scope of application and any exclusions
The policies apply to KGAL's own business activities (in particular to employees and members of its governing bodies) and are also being gradually extended to relevant business partners and service providers through business partner due diligence, contractual requirements and governance mechanisms. Requirements relating, among other things, to incidents and misconduct may also be incorporated into the management and monitoring of third parties (e.g. incident reporting obligations).

Relationship to third-party standards/initiatives
As part of its approach to business conduct and compliance, KGAL aligns with recognised international frameworks for responsible corporate governance and business practices. These include, in particular, the 'UN Guiding Principles on Business and Human Rights' (UNGPs), the 'ILO Declaration on Fundamental Principles and Rights at Work' and the 'OECD Guidelines for Multinational Enterprises'. These are used as guiding principles for the design of due diligence and integrity processes. In the context of responsible investment and transparency towards investors and other stakeholders, KGAL also uses recognised market standards and initiatives as guidance for the further development of its governance, risk and reporting processes. Where these third-party standards are operationalised for specific topical areas, this is done through internal policies and the due diligence and control mechanisms embedded in the investment and asset management processes.

Taking into account the interests of affected stakeholders
KGAL takes the interests of affected stakeholders into account when drawing up and further developing its business conduct policies. To this end, relevant expectations and feedback are incorporated into governance, risk and decision-making processes. In particular, the requirements of investors and clients – for example, regarding integrity, compliance, transparency and the management of business partners – as well as insights gained from working with business partners and service providers, such as those relating to responsible procurement, integrity and compliance standards, are incorporated into the internal policy framework.

Anti-corruption and anti-bribery
KGAL has implemented policies and procedures to prevent corruption and bribery. These form part of the company-wide business conduct and compliance framework, which includes, among other things, the Code of Conduct and supplementary compliance requirements. These regulations are designed to prevent, detect at an early stage, investigate and consistently address bribery and corrupt behaviour. Key elements include requirements for managing conflicts of interest and benefits (e.g. gifts/invitations), risk-based due diligence and management of business partners and third parties (third-party risk assessment/due diligence), internal controls (e.g. the dual-control principle, approval and documentation requirements) and a whistleblowing system for the confidential reporting of suspected incidents and breaches. Any breaches identified will be dealt with in accordance with internal procedures and will result – depending on the individual case – in corrective measures, up to and including the termination of business relationships or further legal action. KGAL has aligned the content of this policy and control framework with the core elements of international anti-corruption standards (including the UNCAC).

At KGAL, areas involving risk are: purchasing/procurement, engagement of external service providers (e.g. real estate valuations, project development), asset sales, and investments and sales activities in countries or projects with a higher level of regulatory sensitivity.

Whistleblower protection
KGAL has established a whistleblowing system and process as part of its business conduct and compliance framework. Employees can use this system to report actual or suspected breaches of the law, internal policies or ethical standards. Reports are received confidentially, reviewed in accordance with established internal procedures and, where necessary, investigated without delay. This ensures that whistleblowers are protected against discrimination or reprisals ('non-retaliation'). Access to the reporting channels, as well as the processing and escalation of reports, are organisationally integrated into the compliance and governance structures.

KGAL is also subject to the relevant legal requirements for the protection of whistleblowers (transposition of Directive (EU) 2019/1937 into national law) and designs its reporting channels and procedures accordingly.

Measures relating to corporate governance

KGAL sets out the key measures that were implemented during the reporting year or are planned for the future in order to manage significant impacts, risks and opportunities in the area of 'business conduct'. This describes the scope, timeframe and expected effects of the measures.

Managing relationships with suppliers and service providers

ESG criteria in supplier selection and engagement
When selecting and managing suppliers and service providers, KGAL takes ESG-related performance factors into account on a risk-based basis, particularly for services that are relevant to business operations and the management of outsourced activities. The principles of sustainable procurement have been implemented as a mandatory part of the procurement process.

In this regard, KGAL takes particular account of:

- **Sustainability-related risks:** Risks arising from the supply chain, e.g. in relation to environmental standards among operational service providers or social risks in facility services
- **Impact on sustainability aspects:** For example, compliance with labour law standards or CO_2-related third-party services, such as those involved in building operations

Screening criteria include, among others: negative media coverage, production facilities in high-risk countries, a non-transparent subcontractor structure, reluctance or insufficient willingness to commit to environmental and social standards, a lack of certificates, and a lack of or inadequate protective equipment for employees

ESG training for employees in procurement functions
To ensure operational implementation, the relevant functions (in particular Purchasing/Procurement and, where relevant, business owners) are supported through internal briefings and awareness-raising measures.

Engaging with suppliers to improve ESG performance
KGAL manages its relationships with suppliers predominantly through long-term operational collaboration. Supply chain risks relating to modern slavery are classified as low, among other things due to the typical service-based structure of the financial sector and its geographical focus. Furthermore, expectations of business partners in line with good governance are addressed through Group-wide policies (including the 'Business Partner Code of Conduct' and the associated expectations placed on business partners based on it). In the case of procurements involving a high potential risk, additional risk-based controls may be introduced.

Scope and time horizon
The measures apply to the company's own operations and to the key suppliers and service providers used in KGAL's procurement and outsourcing model.

Procedures for the prevention, detection, investigation and response to corruption and bribery
KGAL has established and effective procedures in place to prevent, detect, investigate and sanction corruption and bribery. The existing systems include, among other things, a Group-wide Code of Conduct, internal compliance policies, a whistleblowing system and clear lines of responsibility for compliance matters. Existing structures are reviewed regularly and adjusted where necessary to take account of legal requirements, regulatory developments and best practice in the market.

Prevention and detection
KGAL enshrines its expectations regarding conduct with integrity in a Code of Conduct and associated compliance frameworks (covering, among other things, conflicts of interest, the handling of benefits and gifts, and requirements for business partners), as well as through a whistleblowing system. Material incidents are escalated to the relevant bodies as appropriate.

All KGAL employees are required to undertake training on the contents of the Code of Conduct, on compliance principles, and on the prevention of corruption, bribery and other misconduct. The training is delivered through face-to-face sessions, digital learning modules and interactive workshops. The focus is on practical teaching, for example through case studies from the field of asset management.

The management is also kept regularly informed about regulatory developments, compliance obligations and specific risks relating to corruption and bribery. External expert input, for example from legal advisers or auditors, complements these information formats.

Investigation and response
Reports and suspected cases are received, assessed and investigated in accordance with defined internal procedures. Where necessary, remedial action will be taken (e.g. process adjustments, disciplinary measures, termination of business relationships or reports to the authorities, where required by law).

Responsibility for the review and investigation of potential breaches of anti-corruption regulations does not lie with operational management, but is organised independently. The compliance function reports directly to the management and is able to call upon external support (e.g. legal advice or forensic audits) where necessary.

Training for functions/roles involving increased risk (including governing bodies)
KGAL delivers targeted training on business conduct and compliance. This includes functions involving an increased risk of exposure, such as those involving external counterparties, contractual and procurement decisions, and contact with public authorities. In these areas, the training coverage rate is almost 100 per cent. Where applicable, members of the management and supervisory bodies are also involved.

Measures in the event of breaches
Where breaches of anti-corruption and anti-bribery standards are identified, corrective action is taken and the effectiveness of the controls is reviewed. Where necessary, policies, processes and systems may be amended.

Donations and sponsorship (not material)
During the 2025 financial year, KGAL made donations totalling EUR 100,000 to support charitable organisations. The funding benefited both local social initiatives and international aid projects, and highlights KGAL's commitment to society beyond its business activities.

Targets for corporate governance

In the area of 'corporate governance', KGAL primarily pursues targets centred on integrity and prevention. These are derived from the Code of Conduct and the compliance framework, as well as from the requirements imposed on business partners and service providers (including those aimed at preventing corruption, breaches of sanctions and reputational damage).

'Zero tolerance' target: no cases of corruption or bribery, and no related sanctions

- Relation to guidelines: This target is directly linked to the compliance and control system (including, amongst other things, preventive controls within processes, ad hoc or regular audits by the Internal Audit department, and an escalation and action framework).
- Target value: 0 confirmed cases of corruption/bribery; 0 relevant fines/convictions (reporting year 2025)
- Scope: The KGAL Group's own business activities; including relevant business relationships where corruption and sanctions risks are addressed as part of established processes
- Period: Annually
- Methodology: Monitoring via compliance and risk processes, internal audit, defined audit steps (including those relating to corruption and money laundering within the process) and documented escalation procedures.

Corporate governance metrics

For the 2025 reporting period, no final convictions and no regulatory sanctions relating to breaches of anti-corruption and anti-bribery laws were publicly reported within the scope of KGAL's reporting; accordingly, no fines relating to such breaches were disclosed.

Metrics:

- **Number of final convictions** for breaches of anti-corruption and anti-bribery laws: **0**
- **Number of regulatory sanctions** for breaches of anti-corruption and anti-bribery laws: **0**
- **Total amount of fines/penalties** (recognised in the financial statements for the reporting period) arising from such breaches: **EUR 0**

Methodology and data basis:
The investigation is carried out via the Legal/Compliance case tracking system (final and binding decisions). 'Convictions' and 'sanctions' refer to final decisions by criminal courts or administrative/supervisory authorities; 'fines' are mandatory monetary penalties paid to the public purse and recognised in the financial statements for the reporting period.

Political influence and lobbying
KGAL discloses the following information on political influence, including political contributions and lobbying activities. The aim of this disclosure is to provide transparency as to whether, and to what extent, KGAL influences political or regulatory processes through financial or in-kind contributions, through direct contacts with political decision-makers, or through its involvement in industry and professional associations, and how these activities are linked to the material impacts, risks and opportunities of the business model. The figures relate to the KGAL Group's own business activities for the 2025 reporting period.

Political contributions

During the reporting period, KGAL made **no political donations** to political parties or institutions associated with them, and made **no political contributions** (including contributions in kind). The total value of political contributions is therefore **EUR 0**.

Relation to material impacts, risks and opportunities (IROs)
KGAL generally participates in political and regulatory discussions within the framework of professional dialogue and through industry and professional associations and initiatives. In terms of content, such activities typically relate to matters relevant to the business model as a real-asset manager.

In individual cases, KGAL participates in political consultation processes through its membership of industry associations (e.g. BVI – Bundesverband Investment und Asset Management e. V., ZIA – Zentraler Immobilien Ausschuss e.V., BDL – Bundesverband Deutscher Leasing-Unternehmen e.V.).

- The focus of these advocacy activities includes, in particular, issues relating to the regulation of sustainable financial products (e.g. the EU Taxonomy, SFDR, CSRD) as well as aspects of the real estate market and energy infrastructure.
- In this regard, the company's positioning is fundamentally guided by constructive dialogue with political decision-makers, based on regulatory compliance and the protection of long-term investor interests.

There is a direct link with the impacts, risks and opportunities identified in the materiality assessment, particularly in the context of regulatory risks and opportunities relating to ESG-compliant investments.

New appointments from the public sector
During the reporting period, no members of the Management Board or equivalent bodies were appointed who, within the two years prior to their appointment, had held public office or a comparable position in a regulatory or administrative authority.

Payment practice metrics (not material)

KGAL has reviewed the sub-topic on payment practices as part of the double materiality assessment and assessed it as not material.

APPENDIX

Methodological notes

Glossary

Contents index

1. Methodological notes on the energy consumption of the aviation fleet

Data provider and reporting year: The energy data for the financed aircraft is calculated using the methodology of the external data provider Cirium (EmeraldSky). The reporting period corresponds to the financial year 2025. Unlike Real Estate and Sustainable Infrastructure, there is no reporting lag in Aviation, as the underlying tracked utilisation data is available in a timely manner.

Scope – Value chain: The energy data for the financed aviation assets are reported in line with ESRS 1 as material value chain information. They also constitute the methodological basis for the financed greenhouse gas emissions under Scope 3, Category 15, as presented in the aviation emissions inventory.

Consolidation logic: The aviation assets are held through special- purpose vehicles, in which the investors act as limited partners and hold the beneficial ownership. KGAL is responsible for asset and technical management, but does not consolidate the special-purpose vehicles in its own consolidated balance sheet. Operating fuel consumption is incurred by the lessees (operating lease) and is not subject to KGAL's operational control.

Coverage: This covers aircraft financed during the reporting period.

Collection of consumption data: Kerosene consumption is recorded on the basis of actual tracked utilisation data for each aircraft (tail number match). The Cirium EmeraldSky methodology combines aircraft- and engine-specific master data (Aircraft Master Series, Engine Master Series), individual deterioration schedules and actual flight activity (flight hours, flight cycles, routings). This is used to derive the block fuel consumption for each aircraft.

Conversion to MWh: Block fuel consumption, reported in tonnes, is converted for presentation in megawatt-hours using the calorific value of jet kerosene, in accordance with the IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Volume 2, Chapter 1, Table 1.2 (Net Calorific Value: 44.1 MJ/kg). The conversion is carried out using the factor 1 MWh = 3,600 MJ, which is in line with the ESRS guidelines.

Distinction between renewable and non-renewable: The reported kerosene consumption is classified in its entirety as a non-renewable fossil fuel. A breakdown between sustainable aviation fuel (SAF) and conventional Jet A-1 is not yet included in the current data; the expansion of data collection in consultation with Cirium is planned for subsequent years.

Ground electricity consumption (the airline's Scope 2 emissions): The airline's energy consumption for ground operations (hangar, ground power units, office operations) is not recorded separately, as it is insignificant in comparison with kerosene consumption (<1 per cent of the fleet's total energy consumption). In accordance with the ESRS 1 materiality principle and PCAF Part A, Chapter 6.1 (exclusion criterion 'Size'), this item is classified as not subject to reporting.

Energy consumption is recorded in accordance with the ESRS requirements. The corresponding emissions inventory is calculated in accordance with PCAF Part A (3rd Edition, December 2025), Chapter 5.2 in conjunction with Chapter 6.1, as financed emissions under Scope 3, Category 15.

2. Methodological notes on the energy consumption of real estate properties

Data provider and reporting year: The energy consumption data for KGAL's Real Estate portfolio are collected and processed by an external service provider. The reporting period is defined on an annual basis (financial year 2024); due to delays in the receipt of utility bills, the figures are reported with a one-year reporting lag in the 2025 reporting year.

Scope – whole-building approach: Data collection follows the whole-building approach set out in the PCAF-CRREM-GRESB Technical Guidance. All energy consumption at the properties is recorded, including landlord-controlled consumption (communal areas, central technical systems, communal heating and cooling systems) and tenant-controlled consumption (tenants' own supply of electricity, natural gas and other energy sources). This excludes energy consumption in underground car parks and parking areas, where separate measurement is technically feasible.

Energy sources covered: Depending on the specific facilities at each property, electricity, district heating, natural gas, heating oil, pellets, district cooling and other relevant energy sources are recorded.

Data hierarchy: Data collection follows a prioritisation hierarchy based on data quality.

- *Highest-quality primary data:* Actual utility bills, verified by property and asset management, tenants and utility providers.
- *Additional primary data:* Year-end statements from framework agreement partners (general electricity and natural gas supplied via the Westbridge Group), meters lists for the properties, queries to grid operators showing anonymised total consumption at property level, and standardised enquiry templates for single-tenant occupiers.
- *Secondary data/projections:* Where primary data is missing, a step-by-step estimation is carried out – initially based on available sub-periods of the reporting year (for heating, climate-adjusted using heating curves), then on the basis of historical actual data (climate-adjusted according to heating degree days), and finally on the basis of benchmarks (energy performance certificates, technical property documentation, portfolio benchmarks for the same type of use, agradblue sector benchmarks from over 60,000 analysed properties, or the partial energy performance indicator method developed by the Institute for Housing and the Environment).

Data quality and coverage – distinguishing between landlord- and tenant-controlled consumption: Allocation is carried out on the basis of billing records (allocation by contract partner) or meter lists or by calculating the difference between the grid operator's total consumption data and landlord-controlled or communal electricity consumption. Under the shared-service approach, mixed meters are allocated to the respective contractual partner.

Electricity supply and source of energy: The share of renewables in the energy mix is reported conservatively in accordance with the ESRS methodology – only consumption with clearly defined environmental attributes in the contract (PPAs, certified green electricity tariffs, guarantees of origin in accordance with EU Directive 2018/2001) is classified as 'renewable'. For natural gas, offsetting or marketing certificates are not recognised as reducing emissions for methodological purposes.

Adjustment for weather conditions and vacancy rates: For heat, climate adjustment is carried out on the basis of heating degree days in order to account for annual temperature fluctuations. No adjustment for vacant properties is made for the energy performance certificate, as the actual consumption figures are reported. The adjustment for vacancies is carried out solely for the purposes of the supplementary CRREM stranding analysis, in order to enable properties to be valued on a comparable basis.

Quality assurance: The consumption data is checked using a multi-stage plausibility assessment: comparison of different data sources for each meter, reconciliation with historical consumption data for the same meter and energy source, clarification of outliers in consultation with the relevant asset management service provider and a final comprehensive review with KGAL's ESG Team.

Data collection follows the GHG Protocol Corporate Standard and the Technical Guidance document 'Accounting and Reporting of GHG Emissions from Real Estate Operations' (PCAF, CRREM and GRESB, 2022). The data point requirements follow the ESRS.

3. Methodological notes on energy generation and energy consumption at the Sustainable Infrastructure facilities

Data provider and reporting year: The energy data for the Sustainable Infrastructure assets is collected by KGAL and methodically processed by the external data provider ISS ESG. The reporting period is defined on an annual basis (financial year 2024); due to delays in the receipt of utility bills for the facilities' auxiliary power consumption, these figures are recognised with a one-year reporting lag in the 2025 reporting year.

Scope – value chain: Energy data relating to the energy generated and consumed by the Sustainable Infrastructure facilities in line with ESRS 1 as material chain information. They serve to provide transparency regarding the operational management impact of asset management. Coverage: 100 per cent of operational facilities during the reporting period (118 facilities: 52 wind farms, 62 photovoltaic power plants and 4 hydroelectric power stations).

Generation data: The renewable energy generated is recorded monthly at the facility level using smart meter readings. The data is collected by the respective facility operators and is then processed centrally by KGAL, subjected to plausibility checks and consolidated in the ESG reporting system. For each facility, a distinction is made between the energy fed into the grid and the installation's own consumption (auxiliary power, control systems).

Consumption data – auxiliary power: The auxiliary power and internal electricity consumption of the facilities (electricity for control systems, lighting, where applicable, heating of switchgear, and minor ancillary consumption) is determined from the utility bills. Due to delays in the receipt of utility bills, the figures are reported with a one-year reporting lag.

Distinction between renewable and non-renewable: The energy generated at the facilities is reported in its entirety as renewable (wind, photovoltaics, hydro). The auxiliary power drawn from the grid is conservatively classified according to the country-specific electricity mix (location-based).

Quality assurance: The generation data is subjected to a multi-stage plausibility assessment: comparison of monthly smart meter readings with yield assessments and historical benchmark figures; cross-checking against weather data to verify the plausibility of generation profiles; and consultation with facility operators in the event of any anomalies. With regard to consumption data, a cross-check is also carried out between utility bills and the facility's internal consumption meters, where available.

Methodological basis: Data collection follows the ESRS requirements. The corresponding emissions inventory is calculated in accordance with PCAF Part A (3rd Edition, December 2025), Chapter 5.3 'Project Finance'; a separate breakdown of the renewable energy generated in accordance with the ESRS is provided in the table 'Energy Generation – Sustainable Infrastructure'.

4. Methodological notes on Real Estate emissions

Data provider and reporting year: The financed emissions from the Real Estate assets are calculated using the methodology of an external ESG service provider. The reporting period is defined on an annual basis; due to delays in the receipt of utility bills, the figures are reported with a one-year reporting lag in the 2025 reporting year. This approach is standard practice in the PCAF context and ensures that actual consumption data is used.

Consolidation logic and methodological basis: The Real Estate assets are held through asset-holding companies, in which the investors act as limited partners and hold the beneficial ownership. KGAL is responsible for asset management, but does not consolidate the asset-holding companies in its own consolidated balance sheet. Building emissions are therefore reported as financed emissions under Scope 3, Category 15, in accordance with PCAF Part A (3rd Edition, December 2025), Chapter 5.4 'Commercial Real Estate', in conjunction with Chapter 6.1 and the joint Technical Guidance issued by PCAF and CRREM.

Coverage: 100 per cent of the operational properties are included in the reporting period (120 properties).

Calculation of emissions: The calculation is based on actual consumption data collected using the whole-building approach: the data collected includes both landlord-controlled consumption (central heating for communal areas and recoverable from tenants, centrally supplied district heating, and electricity for communal areas) and tenant-controlled consumption (tenants' own supply of electricity, natural gas and other energy sources). The breakdown of the figures shows the investee scopes in accordance with PCAF Part A, Chapter 5.4. For electricity-related emissions (Scope 2 and the electricity-related components of Scope 3), both location-based and market-based figures are reported in line with the GHG Protocol Scope 2 Guidance and the Technical Guidance issued by PCAF and CRREM. The 'location-based' approach is based on country-specific electricity mix factors for the respective property locations; the 'market-based' approach takes into account contractual green electricity certificates (Power Purchase Agreements, guarantees of origin in accordance with EU Directive 2018/2001, and certified green electricity tariffs) at both landlord and tenant level.

Attribution: Allocation to KGAL is carried out on an attribution basis (outstanding amount/property value) at the level of the individual property (asset-by-asset), followed by a weighted aggregation across the recognised portfolio.

Scope definition: Scope 1 covers direct emissions from combustion in landlord-controlled heating systems (primarily natural gas central heating). Scope 2 covers emissions from purchased electricity and district heating for communal areas. Scope 3 comprises emissions from tenant-controlled consumption, which are methodologically integrated into the Category 15 inventory using the PCAF whole-building approach. For natural gas, offsetting or marketing certificates are not recognised as reducing emissions for methodological purposes.

Data quality: As a result of using actual consumption data at property level – collected from utility bills, meter lists and standardised tenant enquiries – the PCAF Data Quality Score is 2 (verified primary-source data, the highest category for real estate portfolios that are not audited throughout). Where primary data is missing, climate-adjusted estimates based on historical actual data or recognised benchmarks (including agradblue sector benchmarks derived from over 60,000 analysed properties) are used, which may result in a score of 3 in individual cases.

5. Methodological notes on emissions from Sustainable Infrastructure

Data provider and reporting year: The financed emissions of the Sustainable Infrastructure investments are determined using the methodology of the external data provider ISS ESG. The reporting period is defined on an annual basis (financial year 2024); due to delays in the receipt of utility bills for the facilities' auxiliary power consumption, these figures are recognised with a one-year reporting lag in the 2025 reporting year.

Consolidation logic and methodological basis: The Sustainable Infrastructure assets are held through SPVs, in which the investors act as limited partners and hold the beneficial ownership. KGAL is responsible for asset management, but does not consolidate the SPVs in its own consolidated balance sheet. The facilities' emissions are therefore reported as financed emissions under Scope 3, Category 15, in accordance with PCAF Part A (3rd Edition, December 2025), Chapter 5.3 'Project Finance' in conjunction with Chapter 6.1.

Coverage: 100 per cent of the operational assets during the reporting period are included (118 assets: 52 wind farms, 6 photovoltaic power plants and 4 hydroelectric power stations).

Calculation of emissions: The investee scopes are calculated on the basis of actual consumption data, which is collected monthly at the facility level via smart meter readings and utility bills, and methodically processed by ISS ESG. The breakdown of the figures shows the scopes of the facility operators (investee scopes) in accordance with PCAF Part A, Chapter 5.3.

Attribution: Allocation to KGAL is carried out on an attribution basis (Outstanding Amount/Total Project Costs) at the level of individual assets (asset-by-asset), followed by a weighted aggregation across the recognised portfolio. The attribution factor varies by asset.

Scope definition: Direct Scope 1 emissions from the facilities (emergency generators, service vehicles, fugitive emissions) are not recorded separately, as they are not material in relation to Scope 2 and Scope 3 (exclusion in accordance with PCAF Part A, Chapter 6.1, exclusion criterion 'Size'). Scope 2 is calculated on a location-based basis, using the country-specific electricity mix factors for the facility locations. Scope 3 covers the downstream lifecycle emissions of the facilities (turbines, modules, construction works, maintenance); this item is recommended as a 'should' disclosure under PCAF and is reported by KGAL on a voluntary basis to ensure compliance with the materiality principle.

Data quality: As actual consumption data at facility level is used, this results in a PCAF Data Quality Score of 2 (verified primary-source data, the highest category for plant portfolios that are not audited on an ongoing basis).

6. Methodological notes on aviation emissions

Data provider and reporting year: The financed emissions of the Aviation fleet are calculated using the methodology of the external data provider Cirium (EmeraldSky). The reporting period corresponds to the financial year 2025. As the underlying tracked utilisation data is available a timely manner, there is no reporting lag.

Consolidation logic and methodological basis: The Aviation assets are held through special purpose vehicles, in which the investors act as limited partners and hold the beneficial ownership. KGAL is responsible for asset and technical management, but does not consolidate the special-purpose vehicles in its consolidated balance sheet. Operational emissions from flight operations are therefore reported as financed emissions under Scope 3, Category 15, in accordance with PCAF Part A (3rd Edition, December 2025), Chapter 5.2 in conjunction with Chapter 6.1.

Coverage: The emissions calculation includes data for financed aircraft. KGAL's stake in the joint venture German Operating Aircraft Leasing GmbH & Co. KG (GOAL) is not included in the current reporting year due to a lack of underlying data (exclusion in accordance with PCAF Part A, Chapter 6.1, exclusion criterion 'Data Availability'); its inclusion is planned for the following year.

Calculation of emissions: The reported financed emissions comprise the Scope 1 emissions from operational flight operations (gate-to-gate) of the aircraft financed through operating lease arrangements. The calculation is carried out using the Cirium EmeraldSky methodology, based on actual tracked utilisation data for each aircraft (individual tail number allocation, Aircraft Master Series and Engine Master Series, winglets, aircraft age and actual airborne and taxi times). Fuel burn is converted into CO_2 emissions using the IPCC CO_2 emission factor of 3.16 kg CO_2/kg of kerosene. A radiative forcing multiplier is not applied.

Attribution: Allocation to KGAL is carried out on an attribution basis (outstanding amount/asset value) at the level of the individual aircraft (asset-by-asset), followed by a weighted aggregation across the covered fleet.

Scope definition: The reported emissions comprise solely Scope 1 emissions from operational flight operations (gate-to-gate). According to industry data, the airline's Scope 2 emissions (ground power for hangars and ground support equipment) consistently account for less than 1 per cent of its tank-to-wake emissions and are classified as not material (exclusion under PCAF Part A, Chapter 6.1, exclusion criterion 'Size'). The airline's Scope 3 emissions (in particular, well-to-tank emissions from kerosene, accounting for approximately 20–25 per cent of tank-to-wake emissions) are not included for the current reporting year due to data limitations; the methodology is planned to be extended to include well-to-tank emissions in subsequent years, in consultation with Cirium.

Data quality: As actual consumption data for each aircraft is used, this results in a PCAF Data Quality Score of 2 (the highest available quality category for asset portfolios that are not audited on an ongoing basis).

GLOSSARY

Abbreviation used	Spelled-out term
AFRA	Aircraft Fleet Recycling Association
BAI	Federal Association of Alternative Investments
BDL	Federal Association of German Leasing Companies
BMP	Best management practice
CSDR	Corporate Sustainability Reporting Directive
CEO	Chief Executive Officer
CTO	Chief Technology Officer
DEI	Diversity, equity and inclusion
DNK	German Sustainability Code
EET	European ESG Template
EFRAG	European Financial Reporting Advisory Group
EIA	Environmental impact assessment
ESG	Environmental, social and governance
ESRS	European Sustainability Reporting Standards
ETS	Emissions trading scheme
EUR	Euro

Abbreviation used	Spelled-out term
GEC	Group Executive Committee
GRESB	Global Real Estate Sustainability Benchmark
ICG	Institute for Corporate Governance in the German Real Estate Industry
IRO	Impacts, risks and opportunities
KGAL	KGAL GmbH & Co.
KPIs	Key performance indicators
In the short term	Up to 1 year
In the long term	More than 5 years
In the medium term	More than 1 year up to and including 5 years
O&M	Operations and management
PCAF	Partnership for Carbon Accounting Financials
SDGs	UN Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
UN-PRI	United Nations Principles for Responsible Investment
ZIA	Central Property Federation

CONTENT INDEX

Standard reference	Explanation
E1-1	Transition plan for climate change mitigation
E1-11	Expected financial implications of material physical and transition risks, as well as potential climate-related opportunities
E1-2	Strategies relating to climate mitigation and climate adaptation
E1-3	Measures and resources relating to climate strategies
E1-4	Targets and guidelines relating to climate mitigation and climate adaptation
E1-5	Energy consumption and energy mix
E1-6	Gross GHG emissions from Scope 1, 2 and 3 categories, and total GHG emissions
E1-7	Greenhouse gas removal and projects to reduce greenhouse gas emissions
E1-8	Gross greenhouse gas emissions (Scopes 1, 2 and 3)
G1-1	Strategies relating to corporate policies and corporate culture
G1-2	Management of supplier relationships
G1-3	Prevention and detection of corruption and bribery
G1-4	Cases of corruption or bribery
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S1-1	Strategies relating to the company's own workforce
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S1-15	Parameters for work-life balance
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S1-2	Procedures for involving the company's own workforce and employee representatives with regard to impacts
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Standard reference	Explanation
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S1-8	Diversity metrics
S2-1	Guidelines/policies on workforce in the value chain
S2-2	Involvement of Workforce in the value chain, existing channels for raising concerns or needs, and remedial measures
S2-3	Measures and resources relating to workforce in the value chain
S2-4	Targets relating to workforce in the value chain
BP-1	General principles for preparing the sustainability statement
BP-2	Specific information where the company uses phasing-in options
SBM-1	Strategy, business model and value chain
SBM-2	Stakeholders' interests and perspectives
SBM-3	Interaction between material impacts, risks and opportunities and the strategy and business model, as well as financial effects
GDR-A	Measures and resources relating to material sustainability aspects
GDR-M	Metrics
GDR-P	Guidelines/policies
GDR-T	Monitoring the effectiveness of strategies and measures through targets
GOV-1	Role of the administrative, management and supervisory bodies with regard to sustainability
GOV-2	Information and sustainability aspects addressed by the company's administrative, management and supervisory bodies
GOV-3	Incorporating sustainability-related performance into incentive schemes
GOV-4	Statement on due diligence
IRO-1	Description of the process for identifying and assessing material impacts, risks and opportunities, as well as material information to be reported
IRO-2	Material impacts, risks and opportunities, as well as the disclosure requirements set out in the sustainability statement

In 2025, KGAL's ESG Team comprises the following members:

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