

The background of the slide is a photograph of a grand, multi-story building with classical architectural features, including arched windows, ornate balconies, and a brick facade with gold-colored decorative elements. The image is split vertically, with the left side being a faded, blue-tinted version of the same scene.

# IMMOFINANZ ESG Follow-up

December 2021

# IMMOFINANZ' Supervisory Board lacks tangible ESG credentials – reporting on capabilities has been inconsistent

## Reporting on Supervisory Board ESG credentials raises greenwashing concerns

### Extract from 2020 Annual Report (page 49)

#### Supervisory Board qualification matrix

Expertise in	Bettina Breiteneder, MRICS	Christian Böhm	Sven Bienert, SV MRICS REV	Nick J. M. van Ommen, FRICS
Real Estate	**	.	**	**
CEO/Executive Board/Management	**	**	**	**
Supervisory Board Agendas	**	**	**	**
Finance	**	.	**	.
Compliance/Legal		.	.	.
Accounting/Audits	.	**	**	.
M&A/Investment Management	**	.	**	.
Corporate Governance	.	.	.	.
Capital Market	.	.	.	.
Human Resources	.	.	**	.
Insurance	.	.		**
Marketing				.
Austrian Market	**	**	**	.
CEE Markets	.	**	.	.

. = General experience in this area  
 \*\* = Responsibility and/or working experience in this area

All Supervisory Board members have extensive expertise in environmental, social and governance (ESG) issues. Bettina Breiteneder, a real estate development and management specialist, places high priority on sustainability, energy efficiency and the use of high-quality materials in the construction projects developed by her family-owned corporate group. Christian Böhm, as chairman of the management board of APK

### Commentary

- Qualification matrix of Supervisory Board does not include “environmental” or “social” capabilities
- Generic statement “All Supervisory Board members have extensive expertise in environmental, social and governance (ESG) issues”<sup>1</sup> lacks back-up
- Desperate attempts to make up ESG capabilities lack credibility: “Bettina Breiteneder, a real estate development and management specialist, **places high priority** on sustainability, energy efficiency and the use of high-quality materials in the construction projects developed by her family-owned corporate group”<sup>1</sup>

# IMMOFINANZ' Supervisory Board lacks tangible ESG credentials – reporting on capabilities has been inconsistent (cont'd)

Based on latest disclosure, only 1/4 of all Supervisory Board members might have significant ESG competencies<sup>1</sup>

Extract from Governance Roadshow presentation Sep-21 (page 11)

Commentary

Supervisory Board

## Skills matrix as basis for future candidates

Skills matrix as of September 2021

	SECTORAL EXPERTISE				FUNCTIONAL EXPERTISE							GOVERNANCE EXPERTISE		GEO
	Real Estate	Capital Markets	Insurance	Finance	CEO/EVP/MD	Compliance/Legal	HR	Accounting/Audit	Marketing	Digital/Sustainability	Non Exec. Dir. Experience	Governance (Corporate)	Geographic Experience	
Bettina Breiteneder (Chair)	Core	Secondary	Secondary	Core	Core	Core	Core	Core	Core	Tertiary	Core	Core	WE, EE	
Sven Bienert	Core	Secondary	Tertiary	Core	Core	Core	Core	Core	Core	Tertiary	Core	Core	WE, EE	
Christian Böhm	Core	Core	Core	Core	Core	Core	Core	Core	Core	Tertiary	Core	Core	WE, EE	
Nick J. M. van Ommen	Core	Secondary	Core	Core	Core	Tertiary	Core	Core	Core	Tertiary	Core	Core	WE, EE	

Core competency
Secondary competency
Tertiary/Not an apparent competency

WE - Western Europe  
EE - Eastern Europe

From our understanding, this includes „environmental“ and „social“

- We were surprised to see that per Sep-21, 3/4 of Supervisory Board members apparently have limited to no ESG expertise
- As per Sep-21, only 1/4 Supervisory Board members (i.e. Sven Bienert) has ESG core competencies
- We again question why “environmental” and “social” are not defined as separate categories in the skills matrix
- We perceive a lack of focus on the ESG-topic and due care

# IMMOFINANZ' Supervisory Board lacks tangible ESG credentials – reporting on capabilities has been inconsistent (cont'd)

Unfortunately, ESG seems to not have been a key factor when new board members were selected

Extract from Governance Roadshow presentation Sep-21 (page 14)

Commentary

Supervisory Board

## Election proposal: Excellent completion of future skills matrix

	SECTORAL EXPERTISE			FUNCTIONAL EXPERTISE							GOVERNANCE EXPERTISE		GEO
	Real Estate	Capital Markets	Insurance	Finance	CEO/EVP/MD	Compliance/Legal	HR	Accounting/Audit	Marketing	Digital/Sustainability	Non Exec. Dir. Experience	Governance (corporate)	
Bettina Breiteneder (Chair)	Core	Secondary	Secondary	Core	Core	Secondary	Secondary	Secondary	Secondary	Secondary	Core	Core	WE, EE
Sven Bienert	Core	Secondary	Tertiary	Core	Core	Secondary	Secondary	Secondary	Secondary	Core	Core	Core	WE, EE
Dorothee Deuring	Secondary	Core	Secondary	Core	Core	Secondary	Secondary	Secondary	Secondary	Secondary	Core	Core	WE, EE
Gayatri Narayan	Secondary	Core	Tertiary	Secondary	Core	Secondary	Secondary	Secondary	Secondary	Secondary	Core	Core	WE, EE
Michael Mendel	Secondary	Core	Secondary	Core	Core	Secondary	Secondary	Secondary	Secondary	Secondary	Core	Core	WE, EE
Stefan Guetter	Secondary	Core	Secondary	Core	Core	Secondary	Secondary	Secondary	Secondary	Secondary	Core	Core	WE, EE

■ Core competency  
■ Secondary competency  
■ Tertiary/Not an apparent competency

■ WE - Western Europe  
■ EE - Eastern Europe

ESG clearly not a key factor when selecting board members

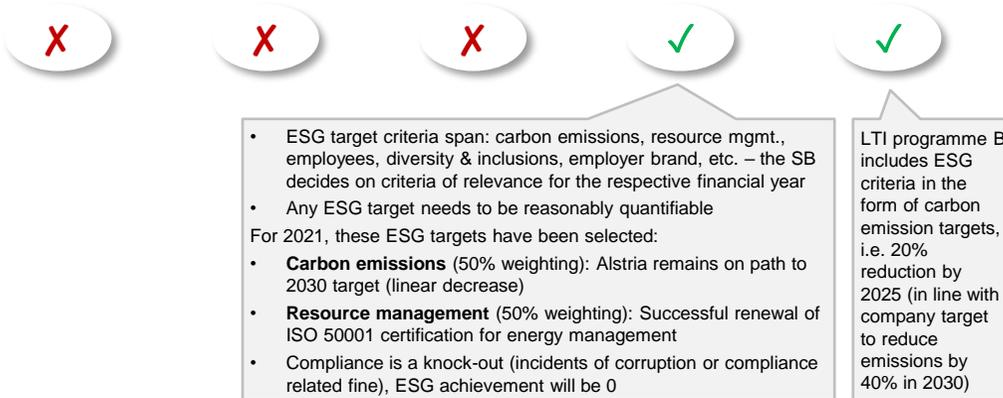
- IMMOFINANZ does not seem to know what the ESG capabilities of its Supervisory Board members are – the competency of Sven Bienert changes between page 11 and page 14 of the Governance Roadshow presentation...
- On page 11, IMMOFINANZ says that “New Supervisory Board members should bring expertise in [...] Digital/Sustainability”<sup>1</sup>
  - Unfortunately, only 1/4 of the new Supervisory Board members has core Digital/sustainability competencies
- It remains unclear why digital capabilities and sustainability are merged together as these competencies have little overlap

# Management does not have the right incentives to pursue an ambitious ESG strategy

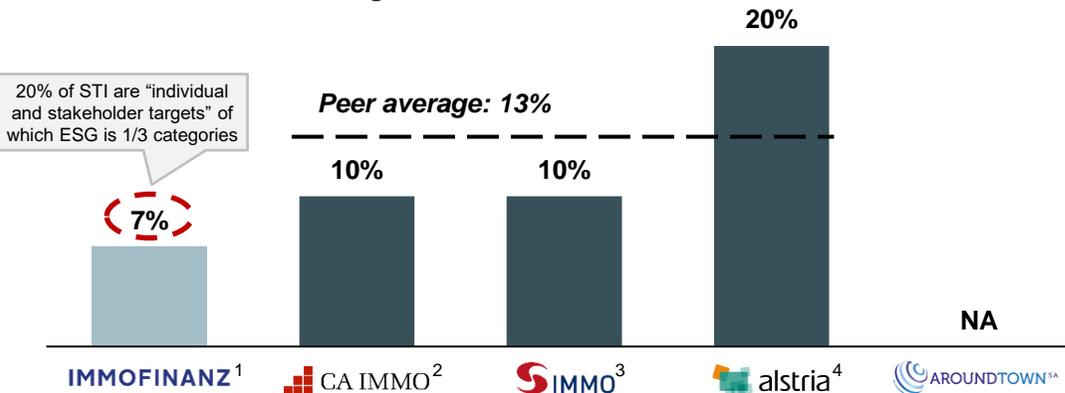
## Incentive structure at IMMOFINANZ not aligned to ESG improvements

### ESG contribution to mgmt. incentivisation

#### Quantitative targets?



#### ESG contribution to STI targets



### Commentary

- IMMOFINANZ Supervisory Board has said in the AGM that ESG incentivisation is “positioned well” – we strongly disagree and again point to the fact that the Supervisory Board makes claims without any substantiating facts
- IMMOFINANZ again lags behind peers and has no quantitative ESG targets as part of mgmt. compensation

#### Our demands:

- ESG has to become a separate category in the STI with a contribution of min. 20%
- Short and mid-term quantitative targets have to be defined that are measurable
- Targets have to be disclosed ex-ante so that investors can track the performance (we disagree with the supervisory board statement that these cannot be disclosed for competitive reasons – IMMOFINANZ should become an ESG leader and inspire peers in the transition to a carbon-neutral world)

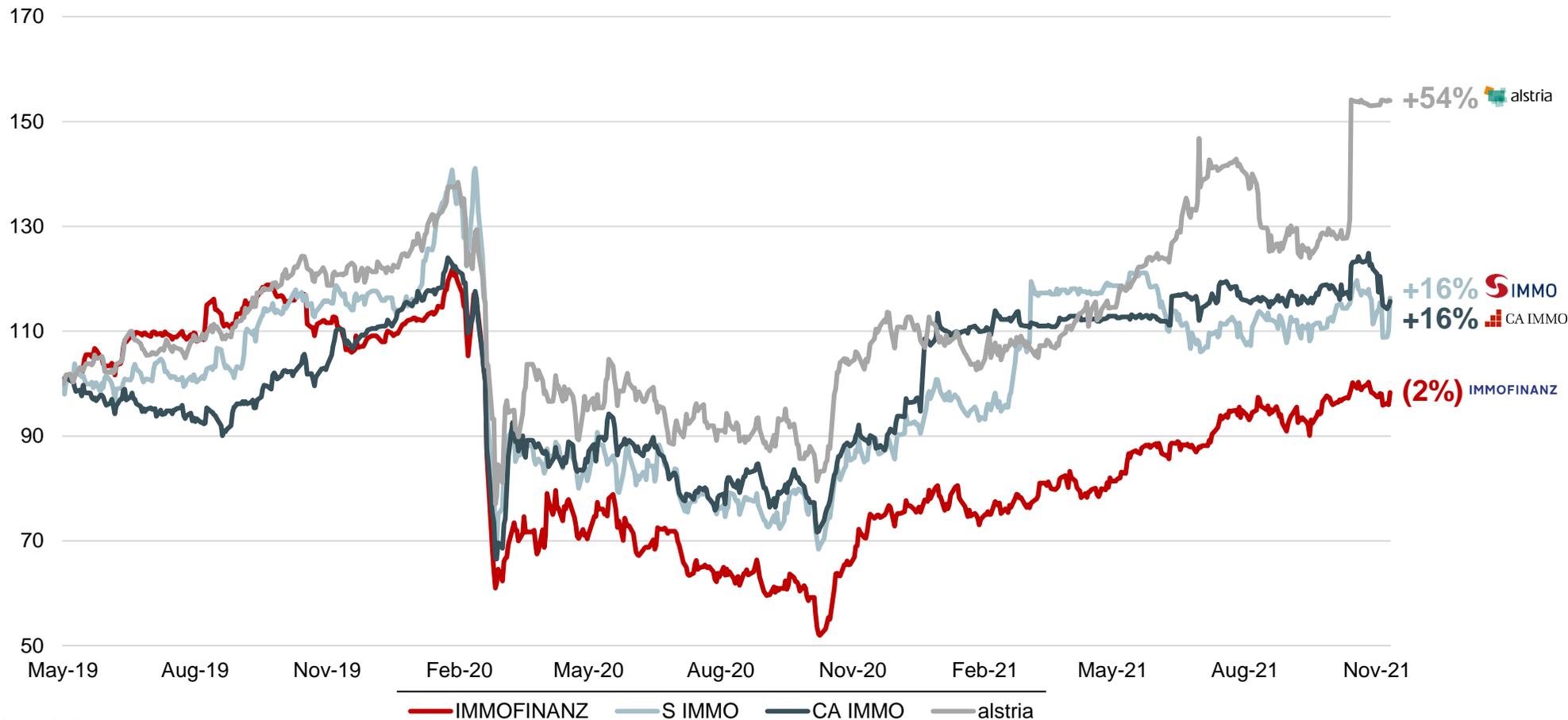
Notes: (1) ESG targets are a sub-category within the performance target determining the STI (STI ~ 18% of total comp; max 130% of base) 20% of STI are "individual and stakeholder targets" of which ESG is one of three categories; (2) Half of variable remuneration (max 200% of base) is based on "operational targets", ESG makes up 10% of variable remuneration; (3) 30% of variable remuneration (max 100% of base and an additional 50% discretionary from supervisory board) is based on "qualitative performance criteria" 1/3 qualitative criteria are non financial targets related to the Austrian sustainability & diversity act; (4) 20% of STI plan are ESG targets.  
Source: company filings, remuneration reports

# IMMOFINANZ share price has underperformed peers since the election of Mrs. Breiteneder to the Supervisory Board

## No shareholder value generation by IMMOFINANZ

Share price evolution since 22 May 2019<sup>1</sup>

Indexed to 100



<sup>1</sup>) Adjusted for dividend payments (pre-tax).  
Source: Factset as of 1-Dez-2021