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# Principal adverse impact statement

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June 2025

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# 1. Summary

Invesco Real Estate Management S.a.r.l (222100CFY64ZMLZ0NW90)- hereinafter referred as “IREM” – considers principal adverse impacts of their investment decisions on sustainability factors.

IREM is incorporated in Luxembourg and covers investments in real estate with Assets Under Management at as of 31 December 2024 at Euros 10,568 million.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.

Under Regulation (EU) (Sustainable Finance Disclosure Regulation – “SFDR”), ‘financial market participants’ (FMPs) identify, measure and report on principal adverse impacts (PAIs) within their investments decisions. PAI's are defined as the most substantial negative impacts of investment decisions on sustainability factors.

IREM has chosen to consider the material (or potentially material) effects on sustainability factors that result from, worsen, or are directly related to their investment choices.

IREM considers principal adverse impacts on sustainability factors at an entity level by measuring, reviewing and monitoring aggregate principal adverse impact data as defined by SFDR with a view to carrying out mitigating actions (such as active asset management, engagement, proxy voting, and others) as required to avoid or reduce the principal adverse impacts identified. The measuring of principal adverse impacts is subject to the availability and quality of data.

## 2. Description of the principal adverse impacts on sustainability factors

Under the guidelines of the Commission for Delegated Regulation (EU) 2022/1288, IREM has set out the mandatory PAI indicators applicable to real estate (contained in Annex 1, Table 1 SFDR Delegated Regulation) in the table below. A subsection of the table contains an additional PAI indicator chosen by IREM, as per the regulation:

- GHG emissions reported in tCO2e – Scope 1/2/3 and Total GHG emissions generated by real estate assets (Annex 1, Table 2 [18] SFDR Delegated Regulation)

Each indicator in the table relates to IREM's investment operations in the real estate landscape, with information against each PAI detailing, how IREM collects data for them and as far as is available, actions IREM is planning to take or has taken, to mitigate their impacts.

**Table: Description of the principal adverse impacts on sustainability factors**

Adverse sustainability indicator	Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>Climate and other environment-related indicators</b>					
<b>Greenhouse gas emissions</b>	1. GHG Emissions	Scope 1 GHG emissions	n/a	n/a	n/a
		Scope 2 GHG emissions	n/a		
		Scope 3 GHG emissions	n/a		
		Total GHG emissions	n/a		
	2. Carbon footprint	Carbon footprint	n/a		
	3. GHG Intensity of investee companies	GHG Intensity of investee companies	n/a		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	n/a		
	5. Share of non-renewable energy consumption	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non- renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	n/a		
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	n/a		

Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	n/a	n/a	n/a	n/a

Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	n/a	n/a	n/a	n/a

Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	n/a	n/a	n/a	n/a



Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	n/a	n/a	n/a	n/a
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	n/a	n/a	n/a	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	n/a	n/a	n/a	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	n/a	n/a	n/a	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	n/a	n/a	n/a	

Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in sovereign and supranationals						
<b>Environmental</b>	15. GHG intensity	GHG intensity of investee countries	n/a	n/a	n/a	n/a
<b>Social</b>	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	n/a	n/a	n/a	n/a

Adverse sustainability indicator		Metric	Impact (2024)	Impact (2023)	Explanation	Actions taken, and actions planned and targets set for the next reference period
Indicators applicable to investments in real estate assets						
<b>Fossil Fuels</b>	17. Exposure to fossil fuel through real estate assets.	Share of investments in real estate assets involving in the extraction, storage, transport or manufacture of fossil fuels	0%	0%	No change in exposure from 2023 to 2024	<b>Data Collection and actions taken:</b> <ul style="list-style-type: none"> <li>In 2024, data collection methods were established for certain IREM portfolios to populate tools such as dedicated ESG data management platforms to identify exposure to fossil through real estate assets based on predominant use of the property</li> </ul> <b>Actions planned for the next reference period:</b> <ul style="list-style-type: none"> <li>IREM will continue to implement its principal adverse impact policy during the next reference period. In the coming years, when data is available to effectively assess the impact of our policy, we will consider and determine any appropriate additional actions to take or targets to set to continue to reduce principal adverse impacts for subsequent reference periods.</li> </ul>
<b>Energy Efficiency</b>	18. Exposure to energy inefficient real estate assets	Share of investments in energy-inefficient real estate assets	67%	55%	Change in exposure is due to a multitude of factors including but not limited to change in portfolio composition, sale of energy efficient assets, acquisitions of assets deemed to be energy inefficient whereby investment teams have manoeuvrability and ability to improve energy performance through dedicated action plans whilst under management.	<b>Data Collection and actions taken:</b> <ul style="list-style-type: none"> <li>In 2024, data collection methods were established for certain IREM portfolios to populate tools such as dedicated ESG data management platforms and CRREM for the measurement of energy, water, and waste consumption for monitoring.</li> <li>Energy audits have been deployed in 2024 for certain assets in portfolios to identify action plans to improve energy efficiency and implement in asset business plans. Energy efficiency improvements are monitored at the asset level and aggregated at the portfolio level to improve the exposure to energy inefficient real estate assets over time.</li> </ul> <b>Actions planned for the next reference period:</b> <ul style="list-style-type: none"> <li>IREM will continue to implement its principal adverse impact policy during the next reference period. In the coming years, when data is available to effectively assess the impact of our policy, we will consider and determine any appropriate additional actions to take or targets to set to continue to reduce principal adverse impacts for subsequent reference periods.</li> </ul>

<b>Additional indicators</b>						
<b>GHG emissions reported in tCO2e</b>	18. Scope 1/2/3 and Total GHG emissions generated by real estate assets	Scope 1/2/3 and Total GHG emissions	<ul style="list-style-type: none"> <li>• Scope 1: 12,625 tCO2</li> <li>• Scope 2: 139,609 tCO2</li> <li>• Scope 3: 87,60 tCO2</li> <li>• <b>Total: 239,875 tCO2</b></li> </ul>	<ul style="list-style-type: none"> <li>• Scope 1: 10,482 tCO2</li> <li>• Scope 2: 117,321 tCO2</li> <li>• Scope 3: 56,615 tCO2</li> <li>• <b>Total: 184,418 tCO2</b></li> </ul>	The calculation methodology is consistent with the guidance provided in the SFDR Delegated Regulation. Each indicator is calculated based on the assets invested in the companies and fixed income securities.	<b>Data Collection and actions taken:</b> <ul style="list-style-type: none"> <li>• In 2024, data collection methods were established for certain IREM portfolios to populate tools such as dedicated ESG data management platforms and CRREM for the measurement of energy, water, and waste consumption for monitoring.</li> <li>• Energy audits have been deployed in 2024 for certain assets in portfolios to identify action plans to improve energy efficiency and implement in asset business plans. GHG reductions are monitored at the asset level and aggregated at the portfolio level to improve the GHG emissions of real estate assets over time.</li> </ul> <b>Actions planned for the next reference period:</b> <ul style="list-style-type: none"> <li>• IREM will continue to implement its principal adverse impact policy during the next reference period. In the coming years, when data is available to effectively assess the impact of our policy, we will consider and determine any appropriate additional actions to take or targets to set to continue to reduce principal adverse impacts for subsequent reference periods.</li> </ul>

The data presented in the above table are calculated using information subject to availability at the property level and subject to lease agreements and provision of data.. The accuracy, completeness, and relevance of the calculated data are contingent upon the accuracy and completeness of the data collected by property managers and tenants. The numbers reported represent our best effort to provide the most accurate calculations in light of the data available. However, there are no warranties or representations, express or implied, regarding the completeness, accuracy, or suitability of this data for any particular purpose.

### 3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Invesco's policy on consideration of principal adverse impacts of its investment decisions on sustainability factors was initially approved by the boards of IREM in December 2022.

The policy is implemented by our Global Sustainable Investing Services team and relevant investment teams. It is reviewed when necessary, and at least annually, updated as needed to ensure that it remains current and in line with IREM'S activities, its operating structure, strategic plans, and applicable regulatory changes.

Methodologies for selecting our additional indicators are set out in the section entitled "Methodologies for selecting additional indicators for principal adverse impacts on sustainability factors" below.

Underpinning IREM's process of considering principal adverse impacts is the flexibility for investment teams to challenge and verify the principal adverse impacts data it receives assessing asset ESG indicators and developing action plans where necessary and relevant subject to each portfolio and their respective strategy. This approach recognises the reality of the challenges of obtaining reliable data in the ESG space and is in line with our regulatory obligation to make best efforts to fill any data gaps.

Our principal adverse impacts consideration process addresses data gaps by:

- Engaging with assets.
- Carrying out additional qualitative analysis.
- Implementing action plans where necessary and relevant

## Methodologies for selecting additional indicators for principal adverse impacts on sustainability factors

In accordance with SFDR's Delegated Regulation 2022/1288, IREM has selected an additional environmental PAI indicator. The selection methodology for these attempts to account for the autonomy our investment teams have in tailoring their approaches, drawing on higher concentrations of data as well as considering macro-environmental factors. The approach focuses on three elements:

1. **Materiality** – the ESG considerations that have the potential to most impact assets.
2. **Integration across strategies** – by selecting sustainability considerations that are prominent within our investment team's processes, , our teams have a broader base of expertise from which to collect and disseminate information and practices, in order to further develop IREM's approach.
3. **Data availability/quality** – with larger data sets and developed processes, IREM believes it can deliver more accurate data in its reporting, increasing transparency and enhancing our ability to identify and address areas with our portfolio companies.

IREM has selected the following additional climate and other environmental related principal adverse impact indicators to consider:

- **GHG emissions reported in tCO<sub>2</sub>e – Scope 1/2/3 and Total GHG emissions generated by real estate assets.**  
Real estate assets with a significant negative impact may be exposed to reduced investment value and liquidity, increased capital investment requirements and obsolescence risk. Assets may face increasing pressure from key stakeholder groups (e.g., investors, tenants, service providers, customers etc.) to reduce GHG emissions, and may also be subject to increasing regulatory requirements and obligations, which may introduce financial penalties, carbon pricing mechanisms and/or taxes, a further reason why IREM determined the GHG emissions indicator to be the most relevant for monitoring. Note that availability of GHG emission data is subject to variances in data coverage due to lease agreement structures

### Limitations to methodology and margins of error

IREM recognises factors that may limit the efficacy of its methodologies and processes. As the emphasis on sustainable finance grows, regulatory frameworks will continue to develop and standardise across markets. This ongoing evolution can lead to inconsistencies in the collection, measuring and reporting of data, whereby standards vary across the global and current regulatory guidance may be limited in defining requirements for non-European assets. IREM is reliant on relevant real estate stakeholders (property managers and tenants) for the information it receives. Data coverage is limited to data made available at the property level. Specific to real estate, IREM may be limited in data coverage due to private tenant information that is not disclosed given the nature of the asset class.

Stakeholders should be aware that there may be data gaps in procedures due to lack of availability, requiring reasonable estimations to account for them. This leaves the potential for margins of error within calculations.

### Data sources

IREM collects aggregated principal adverse impact data for the mandatory and selected additional indicators applicable to real estate across all in-scope financial products for reporting by sourcing data directly from real estate assets. The data is sourced on an ongoing basis (monthly, quarterly, or annually subject to the production of invoices from utility companies). Invesco engages with asset stakeholders (property managers and tenants) to collect relevant data. Property managers are responsible for the collection and upload of data to the software which aggregates property level ESG data. Data is not currently estimated and only known and verified data is measured and reported. Data is collected on a best effort basis to ensure that the relevant data is collected and reported.

## 4. Engagement policies

Pursuant to Article 3g of the Shareholder Rights Directive II 2017/828 (SRD II), IREM is required to publicly disclose its engagement policy. Invesco EMEA Engagement Policy (Engagement Policy) can be found [here](#).

IREM defines its engagement philosophy around its duties of active management and investment stewardship. Monitoring investments and engaging proactively with investments effective tools to promote long-term sustainable value creation.

The consideration of PAIs is led by our investment team, which holds ultimate responsibility for integrating PAI insights into investment decisions. This team-driven approach ensures that our sustainability considerations are deeply embedded in our investment strategy and decision-making processes.

IREM will continue to implement its policy, and in the coming years, when data is available to effectively assess the impact of our policy, determine appropriate additional actions to take or targets to set for subsequent reference periods.



## 5. References to international standards

Invesco Ltd. joined the Net Zero Asset Managers initiative (NZAMI) in 2021. Net Zero Asset Managers Initiative announced on January 13, 2025 that it has suspended its primary activities and while it reviews the initiative to ensure it remains fit for purpose in the current and future global context.

For select strategies where the investment team may deem it relevant, IREM uses physical climate risk assessment tools to assess climate related risks. This analysis is not forward-looking and is based in historical natural catastrophe and physical risk stressors given limitations in data providers to assess forward-looking scenarios specific to real estate. IREM will continue to review relevant data providers where possible to enhance risk assessment on a going forward basis.

## 6. Historical comparison

The year-on year changes (either positive or negative) on PAIs are caused by multiple factors including but not limited to, changes in portfolio composition through sale and acquisition of assets, data coverage and data quality improvements at the asset level.