

Welcome to your CDP Climate Change Questionnaire 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

alstria office REIT-AG is Germany's leading real estate company, with a focus on office properties. As of December 31, 2018, we own and manage a portfolio of 118 buildings with a lettable area of 1.6 million m² and a total value of EUR 4.0 billion. Our properties are located in the large and liquid German office markets of Hamburg, Düsseldorf, Frankfurt, Stuttgart and Berlin, where we are represented by alstria's local operating offices. As a fully integrated company, oriented toward the long term, alstria's 149 employees actively manage our buildings throughout their entire life cycle.

Through our local presence, we offer our tenants modern and efficient office space as well as comprehensive local services. Our company's listing on the German stock exchange gives our shareholders access to a first-class, professionally and sustainably managed portfolio of office properties in the most attractive cities of Europe's strongest economy. To our employees, we offer secure and attractive jobs, on the basis of our sustainable strategy.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	January 1, 2018	December 31, 2018	No

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Germany

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	alstria operates under a two-tiered system. This consists of a supervisory board and a management board. Members of the management board are the CEO and CFO of the company. alstria's CEO is responsible for leading and executing the company's overall strategy, including alstria's climate strategy.
Board-level committee	The highest level of direct responsibility for risk management (including climate related risks) resides with the audit committee on the supervisory board-level. The audit committee is independent from the Group and reports the results of its internal audit to an external auditing firm as well as to the management board.
Board-level committee	The corporate social responsibility committee at the supervisory board-level was formed in 2017 and overlooks the sustainability activities and performance of the company. In this regard, it safeguards the company against potential climate related risks.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
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<p>Scheduled – all meetings</p>	<p>Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>- All operative departments need to communicate immediately to the management board any risks occurring during the execution of a project. For example, the transactions department often reports environmental risks that are brought into the light in due-diligence reports.</p> <p>- Responsible for the development and implementation of the sustainability strategy in the company is the head of sustainability and future research. Together with the CEO, they discuss once per month opportunities arising in the market of real estate in the areas of sustainability and innovation. He also compiles a report on the status-quo of currently applied sustainability projects and presents this to the CEO every two months. In the case of an uprising opportunity meetings are held immediately.</p> <p>- The management board informs the supervisory board on a quarterly basis comprehensively of all matters relevant to the company with regards to planning, business development, risk situation and risk management. This includes also climate strategy and associated targets.</p> <p>- The audit committee of the supervisory board receives quarterly a risk analysis report compiled by the risk manager of the Group. The committee selects an external audit firm that runs a revision on the processes and identification of risks. Findings of this audit are immediately communicated to the supervisory board.</p>
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C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Risk committee	Both assessing and managing climate-related risks and opportunities	Quarterly
Corporate responsibility committee	Assessing climate-related risks and opportunities	Half-yearly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

- The CEO is responsible for leading and executing the company's overall strategy-including climate change. He reports to the Supervisory Board on the company's strategy quarterly. The CEO takes also active part on the discussions of the CSR Committee on the Supervisory Board-level. The CFO of the company is equally responsible for the management and mitigation of the company's risks, including climate-related risks.
- The Audit Committee (referred under question 1.2 as risk committee) comprising three independent members of the Supervisory Board, monitors the company's risk management and accounting processes, compliance and internal controls. They receive a quarterly risk analysis report compiled by the risk manager of the Group. This report divides risks into four areas: strategic, operational (including climate-related risks), compliance, and financial ones. For each risk area, a risk owner is responsible for recognizing and reporting corresponding risks to the risk manager. The four risk owners constitute the company's risk committee, which is brought together in quarterly meetings. Apart of overseeing the risk report, the Audit Committee selects an external audit firm to run annually a revision on the processes and identification of the company's risks. Findings of this revision are immediately communicated to the committee.
- The CSR Committee on the Supervisory Board-level, comprising the Chairman of the Supervisory Board and another two members, summons several times per year and acts as an advisor to our sustainability strategy, which helps us to identify market opportunities in the area of sustainability and recommends investment allocation for sustainability programs.
- We are also a founding member of a European sustainability and innovation thinktank, which brings together market leaders in real estate to challenge their sustainability thinking and help to create joint projects. Discussions include CEOs and directors of the companies: alstria, COIMA RES, Colonial, Gecina, Great Portland Estates and NSI.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Board/Executive board

Types of incentives

Monetary reward

Activity incentivized

Other, please specify
Environmental performance

Comment

The Management Board remuneration consists of a fixed basic salary, a short-term and a long-term variable component (which vest over four years) and ancillary benefits for each Management Board member. The remuneration is based on customary market terms and conditions, individual performance and the long-term success of the company. The positive environmental performance of alstria as demonstrated by the yearly global sustainability indices (e.g. CDP, MSCI), raises the trust of our investors and can lead to an analogous price ascent of the company's capital shares. Since part of the variable component of the remuneration of the Management Board is depended on the development of the share-price, the company's environmental performance is indirectly linked to their remuneration.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Monetary reward

Activity incentivized

Other, please specify
Innovative ideas

Comment

alstria offers bonus awards to employees for implementing the sustainability strategy of the company on their business function; for participating actively in the review of the company's environmental performance; for proposing innovative ideas that can improve the energy efficiency of its buildings.

Who is entitled to benefit from these incentives?

Other, please specify
Heads of operational departments

Types of incentives

Recognition (non-monetary)

Activity incentivized

Emissions reduction project

Comment

alstria offers incentives to heads of operational departments for implementing projects aligned with our sustainability strategy that contribute to lowering the utility costs of our

buildings. Such a project was in 2018 the procurement of renewable energy and the implementation of smart meters across the whole portfolio.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized

Efficiency project

Comment

alstria offers monetary awards linked to agreed objectives related to the delivery of energy efficiency measures and the development of innovations that contribute to the overall reduction of the company's carbon footprint. More specifically, these include among others: meeting our energy procurement target by 2020; implementing efficient systems in our buildings (smart-metering); communicating all sustainability issues to several analysts and the public; educating our employees and tenants on environmental issues and encouraging behavior change; participating to conferences and events to drive sustainable change in the real estate sector.

Who is entitled to benefit from these incentives?

Public affairs manager

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify
Non-financial communication

Comment

alstria offers recognition for highly effective communicating practices regarding the company's environmental performance to different stakeholders; for organizing roadshows to share the company's sustainable values to shareholders.

Who is entitled to benefit from these incentives?

Other, please specify
Asset Managers

Types of incentives

Recognition (non-monetary)

Activity incentivized

Environmental criteria included in purchases

Comment

alstria offers recognition to asset managers for implementing clauses related to the protection of the environment and energy efficiency measures into leasing agreements.

Who is entitled to benefit from these incentives?

Other, please specify
Suppliers

Types of incentives

Monetary reward

Activity incentivized

Supply chain engagement

Comment

alstria recognizes suppliers, service contractors, consultants and builders that support the company’s objective to create long-term value and run its business in the most environmental and meaningful way. Every year the company appraises its suppliers with regards to their business conduct as well as sustainable performance and creates a list with all the providers with whom the company prefers to enter a business relationship. alstria offers monetary incentives to facility managers that propose energy efficiency solutions that help reduce our energy consumption. The bonus rewarded is in the form of onetime payment and is based on the given energy savings achieved.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	The short timeframe for accessing climate risks for alstria is 0-3 years, aligned with the company’s financial planning. A three-year horizon is considered the adequate time to predict for example investments for refurbishment measures on our portfolio.
Medium-term	3	10	The medium timeframe for accessing climate risks is considered for 3-10 years. One reason for this is the very mature European legislation, including the UN 2030 Agenda for Sustainable Development, that imposes restrictions on companies regarding their carbon emissions. Another reason is the development of disruptive technologies that can completely transform today’s buildings by optimizing their energy efficiency. The fast-paced development of services, such as building

			automatizations can also contribute to a better controlling of climate change risks into the future.
Long-term	10	20	The long timeframe for assessing climate risks is considered for 10-20 years. This period supports the long-term nature of our business and the average lifetime of our assets. Physical risks are evaluated until 2050, although in times they occur sooner than expected. In addition, the German Climate Action Plan 2050, has already impacted our industry by imposing essential changes to owners of buildings regarding the reduction of our carbon footprint.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	<p>Environmental risks, including those linked to climate change, are assessed quarterly in joint meetings of the internal Risk Committee of alstria. Present to that meeting is the Risk Manager of the company, as well as another three members (risk owners of strategic, operational and compliance risks). The results of these meetings are brought immediately to the attention of the Management Board in a form of a written documentation.</p> <p>Risks regarding environmental liabilities are generally considered for a 10-year horizon for current properties and future acquisitions. All risks and opportunities are publicly available on the company's annual- and sustainability report, both of which are reviewed from the Management Board and Supervisory Board, accordingly.</p>

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

At company level:

Risks for the alstria Group are identified, evaluated and prioritized based on a mapping, which comprises of all the existing and potential risks, allocated in four risk categories (strategic, operational, compliance, financial). Risks are assessed as amount of risk for loss based on their likelihood of occurrence and magnitude of impact. Accordingly, they are categorized as “low”, “medium”, “high” or “critical”. Classification of risks per level of degree of expected financial loss is for the low risks (>0-1.5 EUR m), for the medium risks (>1.5 -6 EUR m), high risks (>6 EUR m) and critical (>15 EUR m).

Every risk is qualitatively assessed regarding its impact and likelihood quarterly by the Risk Committee and the Management Board. The Supervisory Board reviews quarterly the risk assessment report. In addition, an external audit firm performs annually checks on the risk profile of the company. In the 2018 calendar year, climate-related risks that could influence the reputation of the company or cause a business disruption remained at a low impact level.

At asset level:

To alstria, ‘assets’ refer to the office buildings we own and manage and to our corporate offices. Our buildings, which are all located in Germany, are exposed to possible structural damages resulting from extreme weather events such as flooding but also are presented with opportunities such as recycling rainwater systems.

We identify possible physical climate risks by assessing the probability of our buildings being endangered by extreme weather events. According to the 2018 report, earthquake, hail, flooding or windstorm could affect a small part of our portfolio. All physical risks are evaluated by insurance experts and are covered by a total insured value at least as high as the balance sheet value of our assets. Besides, before acquiring a new asset, we run due-diligence examinations and receive a warranty issued by the seller. Furthermore, our sustainability team monitors the energy performance of our buildings and informs the CEO of potential risks and opportunities monthly. To ensure optimal work; all our construction sites are supervised regularly for health, safety, and environmental issues by external auditors. Finally, our corporate offices undergo annually an external energy audit according to ISO 50001.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulations regarding climate change include for example the disclosure of nonfinancial data by large companies under the European Union directive (2014/95/EU). Although this directive does not directly impact our business, since alstria is not obliged to report given her size, it does, however, raise the level of the reporting standards in the whole industry and improves transparency in the sector.

Emerging regulation	Relevant, always included	<p>We anticipate changes in laws regarding the adaptation of climate change. By engaging in regulatory and economic lobby groups, such as ZIA and EPRA, we monitor closely all emerging regulations.</p> <p>One regulation that will directly impact our business is a new law “Gebäude-Emissions-Gesetz 2050”, that will enforce changes in the building sector and will eventually add up to having more building renovations per year.</p> <p>We also closely monitor the development of the German law regarding the approval to sell self-produced electricity to tenants in order to start using our buildings’ shell for solar energy production. Such developments can eventually lessen the heavy dependency of today’s office buildings on energy grids.</p>
Technology	Relevant, always included	<p>Technological advancements in real estate are what brings our company forward. Any technology that can realize carbon reductions and at the same time improve the wellbeing of our tenants is highly welcomed.</p> <p>For example, with the technological development of smart meters in Germany, we started at the beginning of 2017 to apply those services in the common parts areas of our portfolio. This measure will eventually enable us to better understand the consumptions of our leased areas and thus design custom-made solutions for our tenants.</p>
Legal	Relevant, always included	<p>Our company assesses quarterly claims of litigation that might occur in our whole value chain. Claims that could impose a critical risk to the company are formally reviewed by the Board and are brought to the attention of the shareholders via the company’s annual report.</p> <p>For the year 2018, no climate litigation claims have been brought to the company’s attention.</p>
Market	Relevant, always included	<p>Climate change has presumably shaped the behavior of our tenants in requiring more ‘green’ rental space. The risk of failing to respond to the growing demand for sustainability services can result in a lack of attractiveness of our assets, implying a subsequent decrease of their rental potential (occupancy rate) and thus a decrease of the company’s annual revenues.</p>
Reputation	Relevant, always included	<p>Reputational risks include risks of being less attractive to potential clients (tenants) and the broader market resulting from poor non-financial information disclosure by the company.</p>
Acute physical	Relevant, always included	<p>Risks regarding the increased severity of extreme weather events are closely monitored by our external insurance consultants. We receive a custom-made risk assessment report every year, based on the location of our buildings and the probability of those being impacted by flooding and strong wind phenomena.</p>

Chronic physical	Relevant, always included	Chronic physical risks, for example, a potential sea-level rise, are also included in the risk analysis compiled by external insurance specialists. The last risk analysis of the portfolio showed that 42% of our buildings are located away from any future sea-level rise occurrence. The rest is located in possible endangered locations, where however no incidents of flooding occurred in the last 200 years.
Upstream		
Downstream		

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

Process for managing climate-related risks:

Physical risks:

Both acute- and chronic physical risks are monitored by our insurance experts that we employ each year to inform us upon possible shifts in weather patterns in Germany that could harm our buildings. Their prognosis is based upon climate change scenarios from 3 to up to 50 years. To avoid the probability of such events happening, we cover our buildings from the loss of rent and physical damage from fire, storm, hail, water damages, or any act of God with a total insured value at least as high as the balance sheet value of our assets.

Transitional risks:

Shifts in demand for 'greener' rental space is a reality in the real estate market. To meet this demand, we design our office spaces flexible and adaptable to future technologies and we offer additional services that can help our tenants to decrease their carbon emissions. We also monitor closely legislative changes while acquiring, refurbishing or managing a building and call upon external consultants when necessary. We finally engage in regulatory and economic lobby groups to acquire a better knowledge of the upcoming changes to European and German legislation. To prevent reputational risks, we provide an annual disclosure of all our CSR activities and respond to various inquiries from investors and rating agencies.

Both physical and transitional risks are assessed quarterly by our risk manager and supervisory board.

Process for managing climate-related opportunities:

The evaluation of opportunities is carried out in the context of annual and quarterly budget planning. The process starts with a careful analysis of the market environment and of the opportunities related to the properties held in the portfolio. These include the assessment of criteria such as tenant needs, property categories, and regulatory changes. Regular reporting to the Management Board supports the monitoring of growth initiatives within the budget and planning-approval processes.

Physical opportunities:

Changes in outside temperature extremes give us the opportunity to extend the use of renewable energy sources and maintain a comfortable indoor temperature in our buildings. To realize those opportunities and to continue adding value to our assets, we:

- Increase R&D expenditure, as new technologies will improve the indoor air quality of our buildings and ultimately boost the rental potential of our portfolio
- Take advantage of weather extremes and revert their negative impact, for example, by using solar panels or by recycling rainwater

Transitional opportunities:

By offering high-performing buildings and communicating with transparency on our sustainability performance to the public, we gain a competitive advantage against our competitors over the long term. We keep an open and direct communication line with all our stakeholders to identify their needs and expectations with the use of social media, as well as with presence on numerous roadshows.

Case study for physical risks and opportunities:

In acquisition proceedings of properties, our team of transactions employs experts that run for alstria technical due diligence reports. In the event of an environmental liability, the team calls upon environmental specialists that can identify and calculate the impact of such risks to the company. After careful consideration and after the formal announcement of such risks to the Board, the company proceeds to accept or reject the offer of buying a property.

In some cases, results from a due diligence report may include building inefficiencies that can be turned into opportunities for the company. A low-energy building, for example, does not suggest a wrong buy per se. On the contrary, it can be fully renovated by our development team and reach a higher level of efficiency and subsequently increase its value on the market. In 2018, there was no climate-related risk that has been observed during acquisition proceedings. However, our real estate operations team in Düsseldorf has encountered the effect of a heavy hail in one of our buildings. This was immediately communicated to our property managers as well as to our insurance company. There was no loss of rent or financial impact due to this event.

Case study for transitional risks and opportunities:

In 2018 we were represented in diverse CSR think tanks and industry forums. This gave us the chance to present our efforts in the context of how to manage efficiently a real estate portfolio and awarded us with recognition of being among the most innovative and sustainable companies in Germany. Particularly, we were awarded by the ZIA, German Property Federation, for our efforts to reduce the environmental footprint of our operations as well as of our tenants.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased capital costs (e.g., damage to facilities)

Company- specific description

We own and manage a portfolio of 116 buildings concentrated in the large German office markets. Part of our portfolio is subject to extreme climate events such as flooding, storms and hail that may weaken the structures and threaten the safety of our buildings and tenants. The risk for alstria concerns the costs to repair a damaged structure and the operating costs resulting from reduced revenues due to business interruption. According to our 2018 climate risk assessment, 42% of our portfolio is classified at low-flood risk in a 200-year horizon and all of these assets are covered by insurances.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

10,000

Potential financial impact figure – maximum (currency)

100,000

Explanation of financial impact figure

The cost of mitigation for extreme weather events varies for each building. For example, a hailstorm damaged in 2018 a window in one of our hotel properties. If no immediate action was taken, this could have impacted the booking of some rooms and resulted in dropping revenues for the hotel owners. Such repairs can cost between EUR 10,000-100,000 and are often covered by existing insurances.

Management method

- First, we monitor extreme weather phenomena by using climate projections up to 2035 and in some cases up to 2100. Such projections help us identify which properties in our portfolio may be threatened by such events. For example, results from the 2018 climate risk report showed that 9% of our portfolio could be affected by a hailstorm in the next 50 years.
- On a second level, we cover our buildings from the loss of rent and physical damage from fire, storm, hail, water damages, or any act of God with a total insured value at least as high as the balance sheet value of our assets.
- We also have adopted environmental standards for our buildings that are under development, which accounts for 5-10% of our portfolio each year. The rest of our portfolio undergoes starting from 2017 on, energy performance audits that could help us identify the energy potential that we can extract from our buildings and most importantly keep them safe and sound for their visitors.
- Last, we run annually energy audits to our corporate offices in order to draw measures that could eventually benefit our tenants too.

Cost of management

1,093,307

Comment

In 2018, our insurance premiums amounted to 1,093,307 Euros.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Mandates on and regulation of existing products and services

Type of financial impact

Abrupt and unexpected shifts in energy costs

Company- specific description

Following the Paris Agreement, Germany has adopted national climate targets for 2050, adding to the complete phase-out of nuclear power plants in 2022. This new regulatory framework will increase the demand for renewables and increase the volatility in energy prices. As an owner of office buildings solely in Germany, we phase the risk of increased energy costs, which will eventually affect our tenants through an increase in utility costs.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

625,000

Potential financial impact figure – minimum (currency)**Potential financial impact figure – maximum (currency)****Explanation of financial impact figure**

The energy bills of our leased assets are mainly reinvoiced to our tenants. Following the energy prices rise from 2016 onwards, we would expect energy costs for our tenants to rise. However, and thanks to our decision in 2016, to centralize the purchase of energy for the whole portfolio and procure renewable energy, we managed to reduce our energy bill by 35% per year, which amounts to EUR 2.5 million in savings for the period 2016-2020. This corresponds to approximately 625,000 Euros in savings in 2018. Without the renegotiation of energy contracts and improvements on the efficiency of our buildings, we would have failed to adjust to new climate regulations and increase eventually litigation costs.

Management method

The key to keep our assets attractive is by maximizing their energy efficiency. This involves taking the following steps:

- Centralize energy procurement:

Since 2017, our tenants can procure green electricity via our tenant electricity pool and thus reduce their carbon footprint. This initiative has been widely recognized by the German real estate community and was awarded the immobilienmanager Award in 2017.

- Acquire real-time data:

Until the end of 2019, we plan to finish with the rollout of smart meters across the portfolio and gain knowledge of the indoor behavior of our buildings in relation to outside weather fluctuations.

- Apply building automation:

In 2018, we continued testing building automation to our own offices that could help eventually reduce energy consumption by 10-20%. Such automation enables remote access and reduces significantly management costs.

- Engage in regulatory groups to acquire a better knowledge of legislation:

In 2018, we took part in discussions around the development of the "GEG 2050 - Building Emissions law" and the implementation of the Climate Action Plan 2050, which imposes stringent energetic standards on existing buildings.

Cost of management

86,000,000

Comment

There are no specific costs associated with the management of these risks, as these costs are embedded in our core business and cannot be identified as such. In 2018, we invested 86 million Euros in refurbishments and 35,000 Euros in lobby memberships.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Changing customer behavior

Type of financial impact

Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

Over the last years, there is an increase in demand for flexible office space, often associated with energy-efficient solutions.

Failing to adapt quickly to our tenants' demands can make it difficult to find or retain them in our buildings. This can result in a lack of attractiveness of our assets, implying a subsequent decrease in their rental potential and thus a decrease in our annual revenues.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,690,680

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

A possible 1% reduction in our 2018 net rents would cost us around 1.69 million Euros.

Management method

When we design an office space, we consider factors such as flexible layouts, visual and thermal comfort, health and safety, indoor air quality as well as access to recreation areas and transport. In our most recent redevelopment in Wuppertal (2018), we originally designed the office space with more than one layouts to offer potential clients the possibility to choose upon their needs.

During a tenancy, we offer additional services to our tenants to help them run their offices efficiently. For example, we offer since 2016, free use of our co-working spaces “Beehive” in major cities in Germany. This offer can benefit, for example, a growing business to allocate temporarily its employees. As the only operator of these spaces, we are in charge of choosing smart devices that can eventually reduce energy bills. In 2018, we have applied appliances in our heating systems that regulate automatically the indoor temperature of a room.

Cost of management

2,500

Comment

There are no specific costs associated with the management of these risks, as these costs are embedded in our core business and cannot be identified as such. However, the costs associated with the deployment of automation devices in our co-working business amounted to 2,500 Euros per co-working space.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact

Increased capital availability (e.g., as more investors favor lower-emissions producers)

Company-specific description

The procurement of renewable energy across the portfolio is expected to reduce costs by 2.5million Euros by 2020. This is mainly due to the very good price deal we negotiated in 2016 before the energy prices started to rise again. Through the media coverage of this project, we expect in the future to increase the representation of investors that favor lower emissions producers and increase thus capital availability.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,600,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Our good reputation can ultimately increase the rent potential of our portfolio and consequently our market value. A rough estimate of this opportunity, should the company's vacancy rate decreased by 1%, the financial savings could reach 1.6 million Euros.

Strategy to realize opportunity

The decisions to sign RE100 gave us the stage to present our sustainability efforts to peers and potential tenants. Our most recent representation was at the ZIA 2018 innovation conference, where we joined a panel of discussions on how to reduce the energy footprint of the building sector. alstria was nominated for following a comprehensive plan to phase out fossil fuels. Apart from industry recognition, RE100 brought us closer to our primary business goal: to reduce utility costs for our tenants. This was made possible, by offering our tenants the same contractual privileges for sourcing renewable energy and help them reduce their carbon emissions. En masse, the initial opportunity to source renewable energy led us to the creation of an added value for our tenants and investors.

Cost to realize opportunity

25,000

Comment

Initial costs for the project Mieterstrompool amounted to 5,000 Euros. Additional costs related to public relations are estimated at 25,000 Euros in 2018.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

New regulations and risks associated with climate change require substantial investment in real estate assets. This has created an opportunity for alstria as a large number of existing real estate owners do not have the capital or technical skills to undergo this work. It allows thus alstria to acquire depreciated, no compliant assets and reposition them with allocating additional spending and using its technical skills. As such we are in a position to develop brand new assets that generate higher returns than what can be found if we were to acquire the final product directly on the market.

Moreover, the shift in demand for more flexible office space led us to the creation of a new product/ business concept, our co-working “Beehive”, a digital patented solution that offers 24hours access to office space, specially designed to respond to the need of customers on the look of a temporary but sustainable office environment. We are expecting in the next two years to increase significantly our co-working spaces and benefit from a new form of income.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

20,000,000

Explanation of financial impact figure

We cannot yet quantify the revenues of our coworking business (new product) as this is not perceived as a pure investment based on returns but as a response to the future demand for office real estate. A rough estimate could give a value increase between 0-20,000,000 Euros.

Strategy to realize opportunity

The demand for flexible rent is steadily increasing over the last years. We thus take the following measures to remain relevant to the market:

- We expand our co-working places to all major cities in Germany. In Hamburg, alone, we run four “Beehives”.
- We hold regular meetings with key-tenants during the year and run feedback surveys from time to time to identify early their needs (i.e increasing office productivity).
- We increase R&D expenditure, as we believe that new technologies can improve the indoor environmental quality of our buildings and ultimately boost the rental potential of our portfolio.

Cost to realize opportunity

1,000,000

Comment

There are no specific costs associated with the realization of these opportunities, as these costs are embedded in our core business and cannot be identified as such. However, costs related to efficient measures are estimated at around 1-2 million Euros in 2018.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	<p>(Opp.2)</p> <p>New regulations and risks associated with climate change require substantial investment in real estate assets. This has created an opportunity for alstria as a large number of existing real estate owners do not have the capital or technical skills to undergo this work. It allows thus alstria to acquire depreciated, no compliant assets and reposition them with allocating additional spending and using its expertise. As such we are in a position to develop brand new assets that generate higher returns than what can be found if we were to acquire the final product directly on the market.</p> <p>Moreover, the shift in demand for more flexible office space led us to the creation of a new product/ business concept, our co-working "Beehive", a digital patented solution that offers 24hours access to office space, specially designed to respond to the need of customers on the look of a temporary but sustainable office environment. This opportunity has impacted our business planning regarding the allocation of human resources as well as an increase in our marketing and event activities. We are expecting in the next two years to increase significantly our co-working spaces and benefit from a new form of income.</p>
Supply chain and/or value chain	Impacted	<p>(Opp.2)</p> <p>Our co-working business has impacted our business planning regarding access to new customer groups - mainly start-up companies are regular residents of our co-working places. In the short-term, we are planning to enter new customer groups', for example, middle-sized companies and achieve first return on investment.</p>
Adaptation and mitigation activities	Impacted	<p>(Risk 1)</p> <p>Extreme weather events have impacted our financial planning regarding the amount of insurance coverage of our portfolio for extreme weather events.</p> <p>Increasingly important has appeared in our last analysis in 2018, the effect of flooding in some locations in south Germany and considerations to increase our insurance premiums to reduce vulnerability of our assets in the long term have been raised.</p>

Investment in R&D	Impacted	<p>(Risk 2)</p> <p>Energy prices volatility has resulted in allocating more money to technology products in order to avoid future increase in utility costs. For example, the deployment of smart meters across the portfolio amounted to initial costs of 20,000 Euros. These costs were mainly reinvoiced to tenants, with us allocating significant human resources. Our most recent investment of 5,000-10,000 per asset, involves a series of energy performance audits, that are incorporated in the budget planning of the respective department of sustainability and future research.</p>
Operations	Impacted	<p>(Opp.1)</p> <p>Drawing from the positive results that were brought through the procurement of renewable energy across our portfolio, our operations team could benefit from stable energy prices and reduced utility costs and thus successfully rent our offices in competitive prices per sqm. This can generate more revenues in the future.</p> <p>(Opp.2)</p> <p>We created a new team within our company, responsible for the co-working business, which impacted our planning for human allocation as well as increased refurbishments and office planning activities related to the new co-working places.</p>
Other, please specify		

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Not yet impacted	<p>(Opp.2)</p> <p>We cannot yet quantify the revenues of our co-working business as this has not be perceived as a pure investment based on returns but as a response to the future demand for office real estate. A rough estimate could give a value increase between 0-20,000,000 Euros.</p>
Operating costs	Impacted	<p>(Opp. 1)</p> <p>Thanks to our decision to source renewable energy for our corporate offices, we managed to reduce our energy bill by approx. 695,000 Euros in 2018.</p> <p>(Opp. 2)</p> <p>In the same time, allocating more staff for our co-working business has increased our employee expenses but in the medium-term will eventually generate more revenue.</p>

Capital expenditures / capital allocation	Impacted	(Opp. 1) Thanks to our decision in 2016, to centralize the purchase of energy for the whole portfolio and source it from renewable sources, we managed to reduce our energy bill by 35% per year which amounts to 625,000 savings for the year 2018.
Acquisitions and divestments	Not yet impacted	(Risk 1) Up today, there was no premature write-down or devaluation of an asset. Our transactions team follows stringent monitoring of climate-related risks during acquisition procedures in order to eliminate as much as possible the probability of these risks appearing.
Access to capital	Not yet impacted	(Risk 3) Up today, there was no difficulty accessing new capital and no need to use green funds. Access to capital has a very low probability of being impacted from reputational factors associated with our energy performance in the medium-term. Additionally, the economy in Germany has for another year remained solid and there was no difficulty in capital approvals.
Assets	Impacted	(Risk 2) To alstria, assets refer to our 118 managed buildings. These are undergoing energy performance audits with the aim to roll over the entire portfolio every 7 years. This allow us to be more efficient, especially by optimizing our building services. The budget allocated for these audits has been incorporated into the budget of the respective department of sustainability and research.
Liabilities	Not impacted	There were no liabilities related to climate change in 2018. Liabilities are documented as part of our financial planning every year.
Other		

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

I/ II/ III/ VIII. INFLUENCE OF CLIMATE CHANGE ON BUSINESS STRATEGY

Sustainability is part of our corporate DNA. By this, we mean all actions we take to promote and protect the environmental, social and economic interests of our stakeholders in the long term.

The guiding principles on which our sustainability strategy is based are:

- Reduce the carbon footprint of real estate
- Create the offices of the future
- Enable our employees to be at their best

Key enablers to our sustainability strategy are the RE 100, the SDGs and the Climate Action Plan 2050. With the building sector accounted for 39% of the global CO₂ emissions, it is our responsibility to reduce the resource consumption in our portfolio. We monitor closely energy and water use as well as waste produced across our portfolio. Based on these values, we identify measures to reduce consumption and thus operating costs for our tenants and increase our independence from the energy grid.

IV. ASPECTS IMPACTING STRATEGY

As a responsible landlord, we consider climate change and its long-term consequences highly important when drawing our corporate strategy. Only by taking a holistic approach to real estate, can our business build and create value over time. Our investment horizon is long. Any short-term view ends up backfiring sooner or later. Therefore, we consider in our risk profile: physical risks from climate change – natural hazards that may increase our operational costs; regulatory risks – our ability to conform with both present and future regulatory and policy frameworks may adversely affect our ability to derive the full benefits of our acquisitions; and reputation impacts – not showing commitment to our environmental targets may harm our public image. These factors are considered equally important when acquiring/managing an asset to achieve maximum operational performance and meet stakeholder's expectations.

V. SHORT-TERM STRATEGY

Our short-term approach (up to 2020) includes the following components:

1. Procurement of renewable energy – we successfully implemented a framework contract for procuring 100% electricity from hydropower and 100% climate neutral gas up to 2021. This contract covers all landlord-shared services in our portfolio as well as our corporate offices. As a result, we saved approx. 14,900 tCO₂e in 2018 (Scope 2, 3).
2. Reduce Scope 3 emissions – having achieved fair conditions on setting up our framework contract, we offer since 2017 the same good conditions to our tenants and employees ("Mieterstrompool Project"), with us making no profit. With a 5% participation on the contract, we estimate additional 2,000 - 2,500 tCO₂e savings in 2018.
3. Energy efficiency – The main objective of our refurbishment measures is to create efficient office space while opting for reductions in energy consumption and utility costs for the tenant. Our approach is based on construction techniques that improve the

energy efficiency of our buildings while maintaining the existing structures. For example, whenever possible we are making investments in renewable energy through the installation of solar rooftop panels to mitigate risks of operational costs.

4. Identifying room for improvement – we always look for new opportunities to grow. In 2018, we continued the rollout of smart meters for shared services in our buildings that will enable us to understand better the energy consumption in our portfolio. The rollout of smart meters in the tenant areas will follow in 2021. We also started pilot projects for e-mobility and discussing currently alternative methods for energy storage.

VI. LONG-TERM STRATEGY

Our long-term objectives (up to 2030) include:

1. Further increase in the deployment of new building technologies to become self-sustainable (e.g. energy storage technologies, intelligent buildings automation solutions, organic solar cells). Intensify the monitoring of our existing buildings' services and eventually replace them with high-efficient components.
2. Expand the use of green leases to most of our tenant pool.
3. Increase reach on our tenants to share our expertise in energy efficiency and acquaint new knowledge of our buildings. Our ultimate goal is to reduce the emissions we can influence (Scope 1, 2) to zero and reduce dependency on energy grids as much as possible.

VII. STRATEGIC ADVANTAGES GAINED OVER COMPETITORS

Early introduction of a company-wide sustainability strategy and transparent communication of our environmental performance have led to a competitive advantage. Our actions to lessen our impact on the environment have been recognized most recently from the "Immobilien Manager Verlag" that awarded alstria with the "immobilienmanager Award 2017" in the category sustainability for the Project "Mieterstrompool". Such nominations positively impact our value on the capital market.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

We have not yet conducted climate-related scenario analysis as defined by TCFD. In the near term, we will focus on evaluating the scientific basis of our climate change targets and investigate the potential for setting more ambitious goals. To do this, we will engage a consulting firm to test different business scenarios and help us thus meet the requirements set by the Science-Based Targets initiative. Following up on this, we will set our post-2020 strategy.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 2 (market-based)

% emissions in Scope

98

Targeted % reduction from base year

95

Base year

2013

Start year

2015

Base year emissions covered by target (metric tons CO₂e)

2,347

Target year

2020

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% of target achieved

100

Target status

Achieved

Please explain

Our target remained the same as last year and covers 98% of Scope 2 emissions. It includes powering the common areas of our portfolio and the total area of our corporate offices with renewable energy until 2020. The target meets at least a 2.1% year-on-year emissions reduction between the base year and target year. A minimum reduction for a period of 7 years (2013-2020) would be $(1 - (1 - 0,021)^7) * 100\% = 14.7\%$.

To achieve our target, we started in 2013 to procure fossil-free energy for areas of our portfolio. In 2016, we centralized the energy procurement across our portfolio by implementing a framework contract for the period 2016-2020. This covers 100 %

electricity from renewables and 100% climate-neutral natural gas for all landlord-shared services and our corporate offices.

In 2018, the share of renewable energy has increased by 1.9% compared to last year and we were able to achieve our target before the self-imposed deadline of 2020. In detail, we procured electricity from renewable sources for 94% of the floor area of our landlord obtained areas (67 of 71 multi-tenant buildings) and the total area of our corporate offices. We have renewed our renewable contract until 2021 and plan in the mid-term to power with renewable energy all our new acquisitions.

Regarding the validation of this target to be a science-based one, we consulted CDP on that matter and unfortunately, we were not able to take some action since the real estate sector was excluded from this agreement. However, we are staying in contact with and following the development of this agreement in the future.

Target reference number

Abs 2

Scope

Scope 3: Downstream leased assets

% emissions in Scope

98

Targeted % reduction from base year

50

Base year

2013

Start year

2014

Base year emissions covered by target (metric tons CO₂e)

49,696

Target year

2040

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% of target achieved

82

Target status

Underway

Please explain

The target covers 98% of scope 3 emissions and includes the carbon emissions produced from the electricity and heating consumption of our tenants. In 2018, we have achieved a reduction of 20,260 tCO₂e compared to the base year. From a total of 35,708 tCO₂e produced in 2018, we managed to avoid 6,273 tCO₂ through the procurement of renewable electricity and carbon-neutral natural gas (via offsetting). In 2013, the emissions in our portfolio were significantly higher than today as we were using heating options (fuel-based and district heating) that produced more emissions than natural gas.

As a landlord in Germany, we are not allowed to directly purchase energy for our tenants. However, we can consult them upon using renewable energy or at least carbon compensated gas. In the last year, we started to offer a tenant electricity contract for the procurement of renewable electricity. In 2018, 3.3% of the electricity consumed by our tenants was renewable. With this, we saved 634 tCO₂e emissions.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Renewable electricity consumption

KPI – Metric numerator

Percent of renewable energy in electricity consumption within alstria's direct control

KPI – Metric denominator (intensity targets only)

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

60

KPI in target year

100

% achieved in reporting year

100

Target Status

Achieved

Please explain

Target:

We intend to power all the common areas of our portfolio as well as the entire area of our corporate offices with renewable energy.

Method:

We started buying fuel-free energy in 2013 and accomplished in 2016 with the setting of a framework agreement to procure all the electricity from hydropower energy and all the heating from climate-neutral natural gas (via offsetting) for the landlord-shared services in our portfolio and for our corporate offices.

Target progress:

In 2018, 100% of the energy consumed in our common areas and corporate offices was produced from renewable energy sources.

Part of emissions target

Abs.1

Is this target part of an overarching initiative?

RE100

Target

Other, please specify

Renewable heating consumption

KPI – Metric numerator

Percent of renewable energy in the heating consumption of our downstream leased assets/ tenants (Scope 3).

KPI – Metric denominator (intensity targets only)

Base year

2014

Start year

2016

Target year

2040

KPI in baseline year

0

KPI in target year

50

% achieved in reporting year

60.4

Target Status

Underway

Please explain

Target:

We aim to increase the percentage of renewable energy in the total heating consumption of our tenants by 2040 and in parallel decrease heating demand.

Method:

As a landlord in Germany, we can submeter directly energy used for heating for our tenant areas. This was made possible, through the establishment of our framework contract in 2016 to procure carbon-neutral natural gas for tenants. This applied in 2018 to 34 properties in our portfolio. In 2018, almost half of our tenant areas were connected to a district heating grid and half were heated by natural gas. In essence, we prefer district heating than fuel-based heating systems and whenever possible we try to connect our buildings to the local grid. We believe that it is preferable to use the waste heat that is available instead of using natural gas that is carbon compensated. Over the medium term, we expect district heating to become more carbon neutral.

Moreover, we believe that offices are perfectly suitable for the use of solar power, as they usually operate during the daytime. We will start using our buildings' shell for producing solar energy, once the German law with regard to the allowance of selling self-produced electricity to tenants is revised. This together with the allowance of storing self-produced energy will become a key technology in the future for lessening the heavy dependency of today's office buildings on energy grids.

Apart from the development of heating systems, we try to lessen our demand for heating: for example, we focus on improving the insulation of the building shell and when appropriate use passive heating methods to our buildings. Finally, we envision a future where buildings will be self-sustainable. They will produce and store more energy than they need to run their operations and will use minimal groundwater, generate nearly zero waste, and preserve most of their embodied energy.

Target progress:

In 2018, 30.2% of our portfolio's total heating consumption was carbon-neutral natural gas.

Part of emissions target

Abs.2

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Target

Renewable electricity consumption

KPI – Metric numerator

Percent of renewable energy in the electricity consumption of our downstream leased assets/ tenants (Scope 3).

KPI – Metric denominator (intensity targets only)

Base year

2014

Start year

2016

Target year

2040

KPI in baseline year

0

KPI in target year

50

% achieved in reporting year

6.6

Target Status

Underway

Please explain

Target:

We intend to increase the share of renewable energy to 50% for the total electricity consumed in our tenant areas. (Scope 3-downstream leased assets) by 2040.

Method:

As we cannot directly control the energy consumption of our tenants, we focus on stimulating them to adopt environmentally sound practices. Towards that goal, we started to offer in 2017 a tenant electricity contract for the procurement of renewable energy. In 2018, 3.3% of the electricity consumed by our tenants was renewable. With this, we saved 634 tCO₂e emissions. In 2017 we also started with the rollout of smart meters for shared services in our buildings that will enable us to understand better the consumptions of our leased areas and design thus custom-made solutions. The rollout of smart meters in the tenant areas will follow by 2021.

Target progress:

In 2018, 3.3% of the total electricity consumed by our tenants was renewable.

Part of emissions target

Abs.2

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	300
To be implemented*	5	1,200
Implementation commenced*	7	2,181
Implemented*	3	9,197
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Energy efficiency: Building fabric

Description of initiative

Insulation

Estimated annual CO2e savings (metric tonnes CO2e)

550

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

10,000

Investment required (unit currency – as specified in C0.4)

36,320,000

Payback period

16-20 years

Estimated lifetime of the initiative

Ongoing

Comment

These are the cumulative figures of two refurbishment projects in our portfolio, that were completed in 2018. The "investment required" and "monetary savings" figures are total expenses for our development projects in 2018. The "estimated annual CO2 emissions" can only be based on best-practice scenarios as building modernization measures are usually taken more than two calendar years until we see any changes in our tenants' energy consumption. All projected savings are solely addressed to our tenants.

Initiative type

Process emissions reductions

Description of initiative

Behavioral change

Estimated annual CO2e savings (metric tonnes CO2e)

47

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

6,556

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

We offer our employees subsidies for local public transportation to encourage them to make use of climate-friendly means of transportation. This initiative has proved to be

successful for this year yet again, as most of our employees commuted to work by means of regional public transportation. The subsidy amounts to EUR 44 per month and per employee. As per December 31, 2018, 47% of alstria's employees made use of this offer.

There are no monetary savings for alstria resulting from this voluntary measure. All associated savings are addressed to our employees.

Initiative type

Low-carbon energy purchase

Description of initiative

Hydro

Estimated annual CO₂e savings (metric tonnes CO₂e)

10,132

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1,000,000

Investment required (unit currency – as specified in C0.4)

8,647

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

We implemented in 2016 a framework agreement for procuring 100% of our electricity from hydropower energy and 100% climate-neutral natural gas over a four-year period. This contract covers all landlord-shared services in our portfolio as well as our corporate offices. In 2018, we were able to save approximately 8,647 tCO₂e.

Initiative type

Low-carbon energy purchase

Description of initiative

Hydro

Estimated annual CO₂e savings (metric tonnes CO₂e)

634

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

5,000

Payback period

<1 year

Estimated lifetime of the initiative

Ongoing

Comment

We offer a tenant electricity pool to all our tenants to procure renewable electricity. There are no monetary savings for us resulting from this measure. All associated savings are addressed to our tenants. The investment required was a one-time payment for advertising costs in 2017. The current German regulatory environment does not allow landlords to request part of the monetary savings, therefore we report zero.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	<p>We are rolling smart meters across the portfolio and using the data to prioritize our actions to reduce energy usage. This way we support the digitalization of products and services in Germany and follow compliance with related regulation (Gesetz der Energiewende). In new redevelopment projects, we go most of the times beyond regulatory standards for energy efficiency.</p>
Dedicated budget for energy efficiency	<p>Our main objective when refurbishing our buildings is the creation of efficient office space and reduction of the energy consumption and utility costs for our tenants. In 2018, we invested EUR 86 million in ongoing refurbishment projects; of which EUR 36 million was for development projects (representing 9% of the total area of our portfolio), and the remainder EUR 50 million was invested in value-increasing tenant-improvement measures.</p> <p>Every year we review all our standing assets to determine the needs</p>

	<p>for preventive capital expenditure and renovations. Life-cycle costing is the ABC of our refurbishment policy. For example, when choosing the appropriate construction techniques for a new renovation project, we avoid using glass-façade as much as possible. This is mainly because of its high thermal conductivity, which results in high-running costs over time. We also favour natural ventilation and try to limit the use of cooling systems in our assets to the maximum extent possible.</p>
Employee engagement	<p>We encourage our employees to procure renewable energy for private use by offering them the same service we offer to our tenants. We also offer free use of our coworking spaces, which operate very resourceful. Moreover, we encourage commuting with public transport and bicycle. Finally, we raise climate awareness by hosting regular workshops.</p>

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

We can help avoid third party GHG emissions in two ways:

- by offering buildings with high energy efficiency standards to our tenants, and contributing this way on a reduced demand in energy consumption, which corresponds in turn to lower utility costs and a significant reduction in equivalent GHG emissions (Scope 3)
- by proposing the use of renewable products, such as our “Mieterstrompool” contract that simplifies the procurement of renewable energy for our tenants

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

% revenue from low carbon product(s) in the reporting year

Comment

After initially supporting the research of Professor Chabinyč's lab at the University of California, Santa Barbara, and his work on organic photovoltaics last year, we have decided to continue supporting it for another year with USD 50,000. We consider that this key technological development will allow for better usage of building structures to produce energy and consequently will allow us to be energy independent in the years to come.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2013

Base year end

December 31, 2013

Base year emissions (metric tons CO₂e)

14.6

Comment

Scope 2 (location-based)

Base year start

January 1, 2013

Base year end

December 31, 2013

Base year emissions (metric tons CO₂e)

3,035

Comment

Scope 2 (market-based)

Base year start

January 1, 2013

Base year end

December 31, 2013

Base year emissions (metric tons CO2e)

2,347

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

EPRA (European Public Real Estate Association) guidelines, 2011

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Other, please specify

EPRA Sustainability Best Practices Recommendations Guidelines, Third version, September 2017

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

We used additionally the following standards:

- EPRA Sustainability Best Practices Recommendations Guidelines, Third version, September 2017
- Global Reporting Initiative – GRI Standards: The Company has consulted the specific indicators to collect the appropriate data for its carbon calculations

C6. Emissions data

C6.1

(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

17.3

Start date

January 1, 2018

End date

December 31, 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

8,667

Scope 2, market-based (if applicable)

19

Start date

January 1, 2018

End date

December 31, 2018

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Capital goods

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Explanation

alstria owns and leases office buildings, this emission category is irrelevant as waste in operations is produced solely by tenants. Thus this category doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard".

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

140

Emissions calculation methodology

For our business travel data, we collected separately the miles for our business trips by aircraft and by train. Furthermore, we had a detailed look, whether the flights were of long- or short distance, of business or economy class. The sources for the collection of our data were the booking tickets and internal controlling systems. The CO₂ emissions data were calculated with the calculation tool GHGP Transport_Tool_v2_6 from the Greenhouse Gas Protocol Initiative. We made no assumptions in calculations.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation**Employee commuting**

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

166

Emissions calculation methodology

For our employee commuting data, we asked every employee to fill out voluntarily a calculation sheet, which categorized each employee according to the specific mode of transportation used in the current year, e.g. car, train. Taking into consideration holidays and working days, we were then able to calculate the miles and km. of each employee per year. The source for the collection of our data was each employee itself. The emissions data were calculated with the GHGP Transport_Tool_v2_6 from the Greenhouse Gas Protocol Initiative. We made no assumptions in calculations.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Use of sold products

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Downstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

29,741

Emissions calculation methodology

These data refer to our tenants' electricity-, fuel (heating)- and district heating emissions. Heating consumption is received directly from the heating providers. However, when we do not acquire reliable data for a building, we prefer to make no assumptions and report nothing for it. For electricity, we receive data directly from our tenants, as they have individual contracts with their providers. We only rely on these data and we do not make any further assumptions. The CO₂ emissions data were calculated with the GHGP Purchased_Electricity_Tool_Version-4_8_0; GHGP Stationary_combustion_tool_(Version4-1) from the Greenhouse Gas Protocol Initiative.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Franchises

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria's operations as it doesn't meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" based on a review made with the use of the tool provided by the GHG protocol.

Investments

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria’s operations as it doesn’t meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD “Corporate Value Chain (Scope 3) Accounting & Reporting Standard” based on a review made with the use of the tool provided by the GHG protocol.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria’s operations as it doesn’t meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD “Corporate Value Chain (Scope 3) Accounting & Reporting Standard” based on a review made with the use of the tool provided by the GHG protocol.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Explanation

This category of Scope 3 emissions cannot be applied to alstria’s operations as it doesn’t meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) regarded relevant under the WRI/WBCSD “Corporate Value Chain (Scope 3) Accounting & Reporting Standard” based on a review made with the use of the tool provided by the GHG protocol.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00000019

Metric numerator (Gross global combined Scope 1 and 2 emissions)

37

Metric denominator

unit total revenue

Metric denominator: Unit total

193,193,000

Scope 2 figure used

Market-based

% change from previous year

79.9

Direction of change

Decreased

Reason for change

In 2018, we managed to decrease the combined Scope 1 +2 emissions per unit total revenue by 79.9% compared to the previous year. We achieved this by procuring renewable energy. The figures for Scope 1+2 emissions in 2017 were recalculated after our external audit and equal to 183 tCO₂e. The equivalent intensity figure in 2017, equals to 0,00000095.

Intensity figure

0.000023

Metric numerator (Gross global combined Scope 1 and 2 emissions)

37

Metric denominator

Other, please specify
lettable area in sqm

Metric denominator: Unit total

1,577,000

Scope 2 figure used

Market-based

% change from previous year

80

Direction of change

Decreased

Reason for change

The decrease in emissions per lettable area is a result of a higher proportion of electricity produced from renewable sources in procurement. In 2017, the equivalent intensity figure was 0,000117 tCO₂e.

Intensity figure

0.25

Metric numerator (Gross global combined Scope 1 and 2 emissions)

37

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

149

Scope 2 figure used

Market-based

% change from previous year

84

Direction of change

Decreased

Reason for change

alstria's FTE increased from 121 in 2017 to 149 in 2018. The combined Scope 1+2 emissions in 2017 were recalculated after our last external audit and are equal to 183 tCO₂e. The equivalent intensity figure was also recalculated and equals to 1.51. The decrease of 84% in emissions/FTE in 2018 is explained through the procurement of renewable energy.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	17.3	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO ₂ e)
Germany	17.3

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO ₂ e)
Company vehicles - gasoline	8.93
Company vehicles - diesel	6.23
Direct heating (natural gas) in alstria's corporate offices	2.1

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Germany	8,667	19	18,276	18,142

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By facility

By activity

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO ₂ e)	Scope 2, market-based emissions (metric tons CO ₂ e)
Electricity consumption – alstria's corporate offices	66	0
Heating consumption – alstria's corporate offices	19	19
Electricity consumption – alstria's landlord-shared services	8,581	0

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO ₂ e)	Scope 2, market-based emissions (metric tons CO ₂ e)
Energy consumption in alstria's corporate offices	85	19
Energy consumption in landlord-shared services	8,581	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO ₂ e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	147	Decreased	80	In 2018, alstria procured renewable energy for 67 of 71 multi-let buildings. This covers 94% of the floor area of landlord shared services. In 2018, Scope 1+ 2 emissions was 37 tCO ₂ e and in 2017 was

				183 tCO2e. Corrections on data from the previous year occurred after our external audit.
Other emissions reduction activities				
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
--	--

Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value	10.5	0	10.5
Consumption of purchased or acquired electricity		18,282	0	18,282
Consumption of purchased or acquired heat		0	133	133
Consumption of self-generated non-fuel renewable energy		2.3		2.3
Total energy consumption		18,293	133	18,426

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes

Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

10.5

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Natural Gas

Emission factor

0.20254

Unit

metric tons CO₂e per MWh

Emission factor source

The source used is the Greenhouse Gas Protocol: GHGP
Stationary_combustion_tool_(Version4-1)

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	2.3	0	2.3	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

18,282

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

In 2018, 100% of our landlord-shared services are powered by renewable energy sources. This high ratio shows our commitment to local renewable energy providers and passion to encourage sustainable behavior change to our peers and tenants.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Underway but not complete for reporting year-previous statement of process attached

Type of verification or assurance

Limited assurance

Attach the statement

 alstria Sustainability Report 2017-2018 (print version).pdf

Page/ section reference

p. 114-116 on pdf (112-114 on the print version), Section: C – ASSURANCE STATEMENT. The scope of the external assurance includes the energy consumption of our portfolio and carbon footprint (Scope 1, 2, 3) of our portfolio and corporate offices.

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Underway but not complete for reporting year-previous statement of process attached

Type of verification or assurance

Limited assurance

Attach the statement

 alstria Sustainability Report 2017-2018 (print version).pdf

Page/ section reference

p. 114-116 on pdf (112-114 on the print version), Section: C – ASSURANCE STATEMENT. The scope of the external assurance includes the energy consumption of our portfolio and carbon footprint (Scope 1, 2, 3) of our portfolio and corporate offices.

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Underway but not complete for reporting year-previous statement of process attached

Type of verification or assurance

Limited assurance

Attach the statement

 alstria Sustainability Report 2017-2018 (print version).pdf

Page/ section reference

p. 114-116 on pdf (112-114 on the print version), Section: C – ASSURANCE STATEMENT. The scope of the external assurance includes the energy consumption of our portfolio and carbon footprint (Scope 1, 2, 3) of our portfolio and corporate offices.

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- all relevant categories

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Underway but not complete for reporting year – previous statement of process attached

Attach the statement

 alstria Sustainability Report 2017-2018 (print version).pdf

Page/section reference

p. 114-116 on pdf (112-114 on the print version), Section: C – ASSURANCE STATEMENT. The scope of the external assurance includes the energy consumption of our portfolio and carbon footprint (Scope 1, 2, 3) of our portfolio and corporate offices.

Relevant standard

ISAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify	ISAE 3000 (Revised), third	The external auditors verify the environmental performance of our operations based on GRI and EPRA

	Energy consumption of the whole portfolio including own corporate offices	party assurance	standards. The EPRA disclosure includes a year-on-year analysis of all the consumptions in our portfolio (waste, water, energy, heating & cooling).
C5. Emissions performance	Emissions reduction activities	ISAE 3000 (Revised), third party assurance	Except for the energy consumption and associated carbon emissions of our entire portfolio, the external auditors are annually reviewing our sustainability strategy and our emissions reductions activities. The next assurance certificate will be disclosed in our next annual sustainability report that will be published on November 5, 2019.
C4. Targets and performance	Progress against emissions reduction target	ISAE 3000 (Revised), third party assurance	Our external auditors review the progress made towards our renewable energy target and our target to reduce Scope 3 emissions. Both targets are disclosed in the sustainability report 2017/18, p.30-31.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Code of conduct featuring climate change KPIs

% of suppliers by number

11

% total procurement spend (direct and indirect)

30

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

We run a pre-qualification screening for all new suppliers we engage with on their business financial capability, environmental social and governance (ESG) impacts, human rights, labor rights, and anti-bribery practices. Those suppliers that pass the standards set on our code of conduct for suppliers enter the so-called “green list” of the company. This list is annually updated by respected senior managers and the Compliance Officer. Compliance with the code of conduct is expected by all suppliers. Potential misuse of the code can be reported without the fear of any sanctions via a whistleblower hotline.

11% coverage of our engagement represents the number of suppliers that were screened against environmental criteria and entered in a contractual relationship with the company in 2018.

Impact of engagement, including measures of success

Apart from our code of conduct that includes a condition on environmental protection, we have made further provisions to our building contracts with regard to waste management system, use of recycled building materials and minimum wages. Moreover, over the last couple of years, our in-house facility analysts have screened all the facility management companies that we engage with. This has proven very beneficial as we were able to offer more comprehensive contracts, including environmental criteria, and increase their service quality.

Comment

We cannot yet link this engagement to carbon emissions reductions.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Offer financial incentives for suppliers who reduce your downstream emissions (Scopes 3)

% of suppliers by number

11

% total procurement spend (direct and indirect)

15

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

We recognize suppliers that support the company's objective to create long-term value and run their business in the most environmental and meaningful way. We offer monetary incentives to facility managers (outside of the company) that propose energy efficiency solutions and help reduce the energy consumption in our leased assets. The bonus rewarded is in the form of onetime payment and is based on the given energy savings achieved.

Impact of engagement, including measures of success

We cannot yet link this engagement to carbon emissions reductions.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Collaboration & innovation

Details of engagement

Other – please provide information in column 5

% of customers by number

70

% Scope 3 emissions as reported in C6.5

3.3

Please explain the rationale for selecting this group of customers and scope of engagement

Our tenants are essential to our business prosperity, as through their rent, they contribute with 87% to our total revenues. At the same time, they are responsible for 95% of the company's total carbon footprint. This suggests that only through a close relation with them can we increase the energy efficiency of our buildings.

Besides our best-in-class refurbishment practices, we need to focus on influencing our tenants to adopt sustainable thinking. Over the last years, we shared our knowledge with them on how to run an office efficiently and offered them the "Mieterstrompool": a service to procure renewable energy at a fair price.

Impact of engagement, including measures of success

Impact of engagement:

After our last tenant satisfaction survey, we decided to apply the following measures to improve the quality of our services and communication with our tenants:

- Inspect all assets of our portfolio within 2019 and identify and remedy potential deficiencies.
- Apply a tight schedule of formal visits by our respective managers and monitor the issues identified/
the subject of discussions
- Workshop for our operations staff on "Customer Management" is set up and will take place in 2019

Measure of success:

We translate our tenant satisfaction with the decreased vacancy rate of our assets in the last years. Additionally, we run feedback loops, with which we diagnose any topic that has not been given adequate attention by our asset managers. The last tenant survey showed that 65% of our tenants are satisfied with the quality of communication provided by our managers.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

We provide an incentive of 44 Euros for using public transportation to all our employees. Commuting results of 2018, showed that our employees have used this incentive and 54.4 % of them commuted to work with the public transport. This represents approx. 1 % of our total Scope 3 emissions.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify Climate Protection & Energy Management	Support	alstria has joined since 2010 the Hamburg Environmental Partnership (UmweltPartnerschaft Hamburg), which is an initiative to promote closer cooperation between business and government policy makers and officials with responsibility for the environment. Since its foundation in 2003, the partnership has achieved considerable environmental benefits and cost savings.	All partners, in the Industry Master Plan have agreed on several measures: - Hamburg will lobby at federal level to ensure that consumers and businesses have a competitively priced energy supply; - Hamburg Senate will support companies to tap existing savings potentials of energy, water and raw materials. The customer-oriented program offers investments in resource efficiency measures for climate protection.
Energy efficiency	Support	alstria maintains an open dialogue with public authorities in Germany, to support all sector's applicable policies (e.g. Energy Saving Ordinance, Renewable Energy Sources Act) concerning the improvement of the energy efficiency of the buildings, the enhancement of microclimate and the preservation of cultural buildings.	alstria encourages the shift from new build to refurbishment of existing buildings, as the company strongly believes on the reuse and conservation of buildings structures.
Other, please specify E-Mobility	Support	alstria actively supports the development of e-mobility in Germany, by engaging with relevant companies and authorities. This enthusiastic participation in e-mobility discussions, allows the Company to introduce pilot projects.	alstria has supported the implementation of the City of Hamburg's mobility strategy, by handing over parking lots for electric cars.
Mandatory carbon reporting	Support	alstria was involved in discussions and supported policy makers on the European Union directive (2014/95/EU) regarding the disclosure of nonfinancial data by large companies.	alstria supports the new EU directive and encourages the disclosure of non-financial information by small and medium size companies as well.

Other, please specify Smart metering law	Support	alstria welcomed the new digital metering law "Messstellenbetriebsgesetz" in 2016 and started immediately with the rollout of smart metering systems across its portfolio.	alstria participated in discussions with peers and media around the enactment of the present law and has been the first real-estate operator to have initiated a roll out of smart-meters in its buildings.
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C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

EPRA (European Public Real Estate Association)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Sustainability performance reporting continues to be an area of increasing interest for investors in listed property companies. EPRA has been actively influencing this debate through several initiatives, notably the development of Sustainability Best Practice Recommendations (sBPR) and guidance for European listed property companies. For many years now, the group has been encouraging disclosure and transparency when it comes to the sector's environmental impacts and its Sustainability Committee has continued to help property companies produce best-in-class sustainability reports.

How have you influenced, or are you attempting to influence their position?

alstria participates regularly in meetings, conferences and discussions of the EPRA. Our CEO holds the chair position of EPRA's Sustainability Committee and is a member of EPRA's Advisory Board. By his participation in numerous working groups, he expresses the position of the Company and thus influencing the overall position on climate change and environmental transparency of the real estate sector.

Trade association

GRI (Global Reporting Initiative)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Global Reporting Initiative (GRI) is a leading organization in the sustainability reporting field. GRI standards are adopted worldwide by companies for the preparation of sustainability reports. GRI promotes the use of sustainability reporting as a way for organizations to become more sustainable and thereby contribute to sustainable development. GRI addressed the conferences of COP21 and COP22 and witnessed the intense negotiations in Paris leading up to what is now being hailed as the most historic agreement for the future of our planet.

How have you influenced, or are you attempting to influence their position?

alstria publishes its annual sustainability report in accordance with the GRI standards. Furthermore, alstria's CEO has actively participated in working groups for the setting up of GRI-G4 guidelines as well as for the Construction and Real Estate Sector Supplement. His active involvement shows the deep interest of alstria to move toward a carbon free future.

Trade association

Green Lease (Der grüne Mietvertrag)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The green lease working group developed the first multi-stakeholder standardised green lease contract for Germany. The group was formed by several corporate tenants, institutional landlords, law firms, brokers and other advisors. The working group has proposed 50 recommendations for a best practice to be included totally or partially into a standard German commercial lease in order to convert it into a green lease contract. The standard aims at a sustainable and effective management of buildings.

How have you influenced, or are you attempting to influence their position?

alstria participated in the development of green leases in Germany. In the last years, we took part in two working groups (Green Lease 2.0, ZIA-AG Green Lease) and contributed to discussions with our real estate expertise. We intend to use all or part of green lease standards within our own lease contracts in the coming years.

Trade association

DGNB (German Sustainable Building Council)

Is your position on climate change consistent with theirs?

Inconsistent

Please explain the trade association's position

The German Sustainable Building Council was founded in 2007 and is a non-governmental and non-profit organization. It establishes a system for the assessment and the certification of sustainable buildings. DGNB understands sustainability as the obligation of the whole of society to shoulder responsibility for current problems such as climate change and resource depletion instead of merely leaving them for future generations to deal with.

How have you influenced, or are you attempting to influence their position?

alstria has joined the DGNB Council to give its know-how input and improve in this way the sustainability building standards. alstria has received a Silver pre-certificate award from the DGNB for its Mundsburg Office Tower, which shows partly the commitment to implement and meet the high sustainability standards of the DGNB.

Trade association

ZIA (German property Federation)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

German Property Federation or ZIA, is a regulatory and economic lobby group for policy in the property sector. The confederation was founded in 2006 by well-known companies from the property sector in Berlin and is a member of the Federation of German Industry (BDI). At the European level, the ZIA is represented in Brussels and is established there as the German Property Federation. Regarding climate change, ZIA has founded several task forces in the last couple of years with a focus to develop the decarbonization plan 2050 for real estate and provides consultation to companies upon the adaptation of new regulations.

How have you influenced, or are you attempting to influence their position?

alstria's CFO joins regularly the working group discussions regarding climate change and sustainability within ZIA. Other senior managers are also involved in working groups of ZIA on various topics, such as corporate responsibility, innovation and office properties management.

Trade association

GRESB (Global Real Estate Sustainability Benchmark)

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

GRESB is an industry-driven organization committed to optimize and protect shareholder value by assessing and improving sustainability best practices in the global real estate sector.

How have you influenced, or are you attempting to influence their position?

alstria's CEO has participated in many discussions and has shared publicly the company's thoughts with regard to GRESB's strategy.

Trade association

RICS (Royal Institution of Chartered Surveyors)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

RICS is an independent professional body with nearly 120,000 qualified members in some 140 countries. RICS accredits professionals within the land, property and construction sectors worldwide. It promotes high standards of competence, organizes training and specific studies and provides impartial advice and guidance to its members.

How have you influenced, or are you attempting to influence their position?

alstria's Head of Real Estate Operations is a fellow member of RICS. By participating in numerous events, he forms together with other professionals the future of real estate in an ever-changing environment.

Trade association

DNK (The Sustainability Code)

Is your position on climate change consistent with theirs?

Inconsistent

Please explain the trade association's position

The Sustainability Code provides a reporting framework for companies to demonstrate their commitment to sustainability. The Code is designed to fit all corporate sizes and is not dependent on a company's registered location.

How have you influenced, or are you attempting to influence their position?

alstria participated in working groups and conferences and supported the disclosure of non-financial information by all company sizes.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

We discussed on climate change topics, both in direct dialogues as well as through industry groups that we support.

- Our Head of Sustainability took part in 2018 to the panel discussions surrounding the annual 'Energy Congress of Real Estate' in Berlin. During that event, he was able to share with peers, politicians, and policymakers the company's climate change strategy and the challenges our sector faces towards the transition to a low-carbon future by 2050. Although our involvement itself might have marginally change the climate change 'picture', we believe that the real estate sector has a lot more to contribute to reducing the effects of climate change. Especially, we believe our sector can contribute substantially to improving the urban microclimate. Solutions include the reinforcement of laws regarding smart offices and the development of laws that can allow landlords to procure clean energy and direct it to the tenants or to the grid.
- Our Head of Sustainability & Future Research takes part in ZIA Taskforces on the development of a decarbonization plan for the real estate for 2050. He also annually attends the 'TAG der Immobilienwirtschaft' organized by ZIA. During this event, he participates in panel discussions on the topics of innovation in real estate.
- Our Head of Sustainability & Future Research attends annually the "Dänisch-Deutschen Energieeffizienz-Dialog", an event organized by the Danish Embassy in Berlin to promote the sustainable development of cities. During this event, discussions are held around the future development of smart cities and the contribution of the building sector towards that transition.

Among others, our sustainability team took in 2018 an active part in the following forums and events:

- Participation in the panel discussion of DENEFF for the development of a standard for data sustainability management in real estate
- Interview to Deutsche Energie-Agentur (DENA), on the influence of energy efficiency measures to office building
- Participation in the WWF and Stiftung 2° Grad workshop of the building sector on the development of projects to support the German climate transition for 2050.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Responsibility for ensuring the alignment of all our business activities with our overall climate change strategy lies with the CEO of the company. The climate strategy of the company oversees regularly the CSR committee of the supervisory board and discusses measures for improvement.

To ensure consistency across all different departments, the company follows a top-down management approach. The Head of Sustainability & Future Research together with the risk manager of the company observe the development of climate change policy in the real estate sector and act proactively to mitigate arising risks. They report immediately to the CEO matters arising at least once per month. astria's Head of PR, in turn, engages frequently in dialogue with policymakers and lobbyists on various environmental trends and thereby secures that the company remains well informed. Primarily, corporate communication is supervised by the Management Board. By adapting to essential changes and at the same time experimenting with new opportunities is how we try to remain relevant to our overall climate change strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).


Publication

In mainstream reports

Status

Complete

Attach the document

 alstria company report 2018.pdf

Page/Section reference

88-92

Content elements

Strategy
Emissions figures
Other metrics

Comment

We provide every year a summary of our sustainability activities in our company report. A detailed description of the risks is provided within our Annual Financial Report, which is externally verified.

Publication

In mainstream reports

Status

Complete

Attach the document

 Annual Report 2018.pdf

Page/Section reference

32

Content elements

Risks & opportunities

Comment

A detailed description of climate risks is provided within our Annual Financial Report, which is externally verified.

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

 alstria Sustainability Report 2017-2018 (print version).pdf

Page/Section reference

All the report is relevant

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms