

SUPPLY CHAIN & HUMAN RIGHTS

1. UNDERSTANDING THE TOPIC

GCP is wholly committed to maintaining stringent standards of ethical behavior throughout our operations and in our supply chain. Our core values of integrity, respect, performance, accountability, and sustainability apply to customers, business partners and employees alike.

As a responsible employer, and one of Germany's leading residential real estate companies, we take all necessary steps to assure that labor laws are being fulfilled, and every precaution to prevent risks of human rights violations. Failure to do so could have significant negative impacts on our business, leading to a loss of trust among our shareholders, bondholders, tenants, and other stakeholders, as well as sanctions and fines.

Maintaining these standards throughout our supply chain is a key priority, and through the application of the GCP Code of Conduct we hold our business partners to the same standards of performance. GCP's supply chain comprises companies contracted for supply of goods, contractors and service providers engaged for construction, as well as facility management companies. They are collectively referred to as business partners. Although our supply chain is not typically associated with 'high-risk' activities or countries, we nonetheless take a risk-based approach to ensure that core labor standards and the rights of individuals are upheld and protected.

2. MANAGING THE TOPIC

Supply chain management

We purchase a range of goods and services from a network of national and international business partners to support our business activities. Most of our procurement activities (by spend and volume of services/materials procured) are associated with refurbishment activities that are conducted as part of our asset repositioning strategy, annual maintenance works or upgrades to technical equipment as part of our environmental efficiency initiatives.

The execution of maintenance and refurbishment, as well as CapEx measures are either done in-house or through a variety of contractors in our portfolio locations. Maintenance and refurbishment expenses amounted to €22 million, and €5.5 per average sqm, and represent investments made to sustain the asset quality as well as tenant living standards. GCP breaks down its CapEx expenses into two categories - repositioning capex and pre-letting modifications. In 2021, repositioning CapEx amounted to €63 million, reflecting €16.0 per average sqm, and comprises of measures targeted at increasing asset quality and improving the value proposition to tenants. GCP's pre-letting modifications are primarily related to the completion of properties that were acquired in the final stages of development and amounted to €42 million in 2021.

To maintain our high standards of ethical behavior, fair business practices and transparency, it is essential that we ensure that our business partners fulfil these same expectations. As such, we carefully select business partners through comprehensive quality checks that cover the company's ownership, size, previous track record, credit rating and compliance with applicable laws and regulations. In consequence, we aim to develop long-term relationships with trusted business partners who have a proven track record of operating to the same high legal and ethical standards as GCP.

All relationships with business partners are founded on an explicit commitment to upholding the GCP Code of Conduct for Business Partners. Once our new enterprise resource management software (SAP) is fully integrated, it will provide us with the functionality to track the signing of the Code by all our business partners, further formalizing their commitment to operating at the same high ethical standards.

The ESG standards stipulated within the Code are contractually binding, and GCP may terminate the relationship with immediate effect should any violations be identified. GCP also reserves the right to subsequently exclude the contractor concerned from

the awarding of future contracts. We clearly communicate our expectations in invitations for bids, including any project or material environmental specifications. An open dialogue about our commitment to sustainability plays an important role when beginning a relationship with a new business partner. In addition, business partners are expected to mitigate negative environmental impacts wherever possible and orient their operations toward the ISO 14001 environmental management standard.

In general, supply chain related risks are reduced by the fact that all business partners contracted by GCP operate within central Europe. This means that, like GCP, they are subject to the EU's comprehensive legal framework. Where significant potential hazards are identified, such as in the handling of goods, business partners are required to provide evidence of corresponding certifications and permits. In addition, we perform regular checks during site visits, e.g., when materials are delivered to sites.

The Group's centralized procurement department is primarily responsible for sourcing essential products for GCP and ensuring that the materials specified comply with applicable laws, for example with regards to energy efficiency. If additional energy or other sustainability-related characteristics are required, the department works with other teams such as the Energy Department. Procurement may be conducted on a departmental basis, for example concerning construction materials, if it is more efficient to do so. Nevertheless, these activities are underpinned by a Green Procurement Policy that defines the basis on which contracting decisions should be made and is communicated to all employees with purchasing responsibility.

We educate our staff accordingly to enhance awareness of how purchasing decisions affect environmental impact and other sustainability issues in the supply chain, and as much as possible we purchase services and materials from local organizations. For example, given the short timeline and smaller size of our apartment and building refurbishment projects, we award most projects to local business partners (defined as up to two hours travelling time from a project).

Human rights

GCP views upholding recognized standards of decent work and respect for human rights to be non-negotiable components of our business premise. As we operate mainly in Germany and London, our operations are governed by the strict regulations and legal framework of the European Union and the United Kingdom. These laws provide extensive human rights protection at a local level, meaning concrete human rights violations are not a substantial risk in our operations.

Nevertheless, we strengthened the process of identification, and wherever required, management of human rights within our operations and throughout our supply chain with the creation of our Human Rights Policy. The policy details GCP's commitment to fully respect and uphold human rights in accordance with the UN Guiding Principles on Business and Human Rights and international standards including the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights, covering topics such as equality, freedom of association, a safe work environment, and education and development. In addition, it lays

out the expectations of suppliers, the monitoring and control of violations and infringements, and reporting requirements.

Accordingly, we undertake to avoid all possibility of human rights violations in the supply chain. A key element of GCP's asset repositioning strategy involves creating long-term value through the refurbishment of formerly mismanaged residential properties. The building work required by these activities is carried out by construction companies and their subcontractors. The main area for possible human rights violations lies with subcontractors, as these are not under direct oversight by GCP. There is also a risk of human rights violations occurring in relation to the migrant workers employed by large construction firms.

Human rights violations of any kind are not tolerated, and all business partners are mandated to commit to providing decent standards of work. Child labor and forced labor are explicitly renounced. We equally expect all business partners to foster workplaces free of discrimination and harassment.

Effective controls of business partner selection have been implemented. All business partners, who are primarily local medium-sized enterprises, are required to sign GCP's Code of Conduct for Business Partners, which details a firm commitment to human rights. In the case of construction activities, each undertaking is managed by a dedicated GCP project manager, who deals directly with the on-site contractors. Regular project manager visits at all sites - during acceptance of partial deliveries of services or within the scope of inspections - evaluate contractors' compliance with the Code. GCP also conducts spot checks of business partners' compliance through our relevant operational departments.

3. PERFORMANCE

Long-term Goals and 2021 Performance

To guide the implementation of our sustainability strategy and track our progress, we are committed to:

- Maintaining zero human rights violations in our supply chain and procurement-related activities



In 2021, we recorded zero human rights violations in GCP operations and throughout our procurement activities or otherwise connected to our business operations.

2021 Target	Status	Progress
All construction project processes to be monitored according to an internal “traffic light” system	Ongoing	We have launched a review of our business partner selection and auditing processes in 2021. We will continue to do this in 2022 with the intention to strengthen these further and create the required framework for our procurement managers to address potential risks and initiate counter measures.
Increase the number of supplier audits and maintain zero human rights violations in the supply chain	Ongoing	We have conducted audits of GCP’s largest facility management companies in 2021 based on recent changes to our process and confirmed their compliance with our ESG standards for business partners. In 2022, we will continue to audit our material business partners. We maintained zero reported human rights violations in our supply chain.

Priorities for 2022

We will continue to strengthen the selection, monitoring and auditing processes of our business partners with regards to ESG criteria in 2022.

