

Environmental Protection

Understanding the Topic

We take our responsibility to safeguard the natural environment and reduce the adverse impacts of our business activities very seriously. This is part of our long-term commitment to our tenants and society to ensuring that the resources we need to maintain a high quality of life are preserved.

This commitment aligns with the societal objective to achieve a circular economy, by reducing waste and pollution, maximising the reuse and regeneration of resources, and restoring greater balance between the economy and the environment. The importance of this concept is emphasised by its inclusion in the EU Taxonomy as a key environmental objective, alongside sustainable use of water and protection of biodiversity. The unifying theme of all of these objectives is a responsible, sustainable relationship with natural resources, which GCP is working to embed as a guiding principle of our operations.

In practical terms, investments in environmental efficiency can also deliver reductions in service charge costs. Moreover, improving the management of natural resources, such as by investing in more efficient water equipment or waste infrastructure, increases the quality and comfort of our assets, with benefits for both tenants and GCP as the landlord.

Managing the Topic

Environmental Management

GCP's Environmental Policy sets out our management framework to produce continued improvement across the Company's main environmental impacts, including water use and waste management. The policy establishes a consistent framework of action across the portfolio, with the necessary flexibility for the particular characteristics and tenant arrangements of our properties.

We perform extensive technical due diligence of potential assets to examine their environ-

mental profile and improvement potential. This includes examining buildings' structural fabric; their technical systems and appliances; water and waste profile; and current management practices. Whilst we prefer to invest in buildings with 'green' credentials, we do purchase buildings with lower environmental performance when we determine there is potential to improve the environmental performance of the building. This creation of value through asset repositioning is key to our commercial strategy.

During the operations phase, we aim to support ongoing improvements in environmental performance. This encompasses deploying an environmental management system for building operations, delivering training to staff and engaging with building occupiers. Our technical teams work alongside property managers to assess building environmental performance in relation to various parameters and identify improvement measures.



The COP 15 conference in 2022 highlighted the growing international consensus that the loss of global biodiversity is a crisis of equal magnitude to climate change. We see it as part of our corporate responsibility to go beyond minimizing our negative effects on the natural environment, by contributing positively to biodiversity at our sites.

Our investment in outside areas also takes into consideration environmental aspects, design of green spaces that also provide opportunities for biodiversity projects.

One such example has been a project in Kley, Dortmund, where we worked together with our facility management partner to transform the grass lawn into a meadow with a bee hotel.

The project seeks to enhance biodiversity and the local ecosystem by nurturing a healthy pollinator pullulation and diverse meadow flowers. The initiative will also provide a please aesthetic environment for tenants, connecting them with nature.

It is our goal for 2023 to initiate more biodiversity projects, ideally in combination with foregoing biodiversity assessments which provide guidance on the local needs for the ecosystem.

Water Strategy

We aim to use water as efficiently as possible, thereby reducing water- and wastewater-related costs. We comply with the high standards for water quality and wastewater disposal set at EU and national level, and we adhere to the standards set out within our own Environmental Policy.

Our own operations do not entail significant water consumption; the most substantial impact in terms of water withdrawal occurs at the point of water distribution, even before the tenants enter the value chain. We nonetheless seek to positively influence tenants' water consumption, through engagement programs and advanced measurement technologies. We are prioritizing investment in water meters that facilitate the measurement and assessment of water consumption at all assets in our portfolios. This helps us to promote water saving practices by providing tenants with accurate and current information about their water usage. We also implement technical improvements to reduce water consumption in our properties, where this is economically, structurally and contractually feasible.

Within GCP's residential portfolio, random checks of general and user-specific water consumption data are carried out via the meter readings it receives as part of the billing process. Data is evaluated to identify inefficiencies and potential interventions from both a structural and management perspective. As such, water efficiency improvements include both technical measures, such as the replacement of water consuming systems and fittings as well as building management and tenant awareness-related measures.

Waste Management

Our goal is to reduce the total amount of waste produced at our properties, and to increase the proportion of this waste which is recycled or reused back into the circular economy. To increase recycling rates, we are providing waste separation facilities on our sites, and engaging with our tenants on their waste management practices. As with other environmentally sustainable measures, reductions in waste output and landfill volume correspond to reductions in operating costs, in addition to reducing our environmental impact.

Most of the waste produced in the operation of our properties falls outside our direct control, and so in order to reduce our environmental impact we engage with our tenants to reduce their footprint. For example, in our offices portfolio we encourage waste separation to enable more waste to be recycled, and require waste separation facilities from all our waste contractors and processors.

Other portfolio sectors have traditionally posed a greater challenge to influencing waste management practices, such as our retail properties. However, as sustainability issues rise on everyone's agenda, we are beginning to see engagement on environmental issues from retailers and consumers. Our local technical teams are always available to support tenants who seek our advice on these issues. This coordination and engagement between stakeholders will be a crucial part of building a more circular, resource-efficient economy.

We also try to use the indirect influence that our properties can have on their tenants to produce more sustainable outcomes. This is often through awareness raising activities; for example, GCP publishes leaflets for tenants with information on environmentally friendly behaviour like recycling. We are also investing in pay-by-volume waste systems at select locations, which monitor the volume of waste disposed by tenants and bill them accordingly. These systems are very effective in drawing tenants' attention to the cost-saving benefits of waste reduction.

We have also introduced green lease clauses in our new contracts with tenants, which cover waste management and other environmental management aspects, as well as engagement obligations between tenant and landlord to ensure cooperation on environmentally sustainable practices with respect to maintenance, construction and modernization works.

We are more able to control waste production and disposal from refurbishment work, although in general we do not conduct a lot of major construction and renovation projects. Where we do undertake these larger projects, we conduct reviews of type and quantity of waste produced, to ensure hazardous and non-recyclable waste streams.

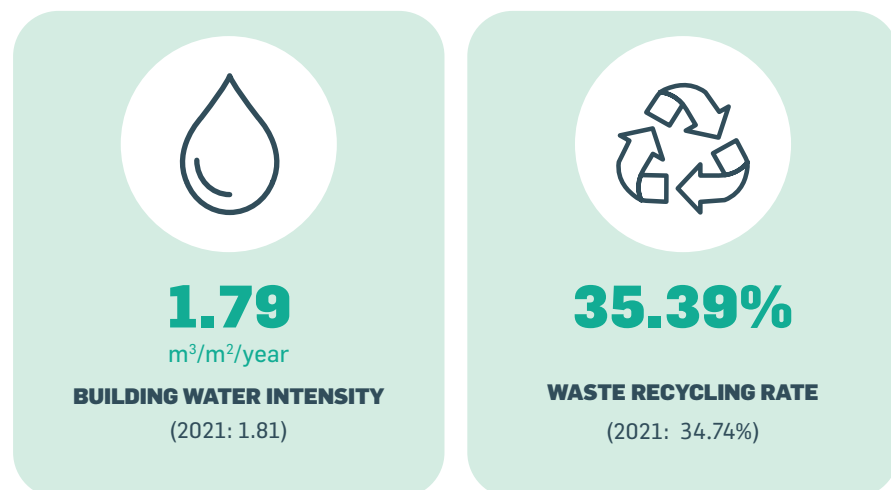
Performance

To guide the implementation of our sustainability strategy and track our progress, we have developed two long-term goals that we are continuing to work towards:

- Reduce water consumption to what is strictly necessary; maintain a high level of water quality; and lower water- and wastewater-related operating costs.
- Reduce the total amount of waste produced and increase the proportion recycled.

Water and waste data are reported in line with the EPRA Sustainability Best Practice Recommendations (sBPR), which we use to assess our performance at a Group level and evaluate progress against our long term goals. The following data represents our commercial portfolio, which includes retail, office and industrial assets. For more information on data coverage, please see our EPRA sBPR report available on the sustainability section of our website.

We use two key performance indicators to monitor our progress each year:



Water

In 2022, landlord-obtained water consumption in our like-for-like portfolio totalled 1,480,683 m³, a slight decrease from 1,499,871 m³ consumed in 2021. Water consumption intensity fell similarly, 1.81 in 2021 to 1.79 m³/m²/year. We will aim to maintain or further reduce this level of water efficiency in future.

Waste

In 2022, landlord-managed waste within our like-for-like portfolio was 76,953 m³, a 2% increase from the 75,529 m³ recorded in 2021. The proportion of this waste which was recycled was 34.74%, almost constant with the rate of 35.39% recorded in 2021.

Unlike water consumption, waste data is estimated as it is not possible to report the total amount of waste produced at our assets, or the total proportion of waste recycled. Waste generated by our tenants is generally out of our operational control, and only a proportion of the waste generated is handled by GCP.

The total waste reported represents the minimum volume of non-recycled waste collected by local authorities in line with legal requirements. This minimum value varies between municipalities, and tenants regularly contract private waste companies to manage their waste once the minimum threshold has been reached as this is more cost effective. For these reasons, it is not possible to report the total volume of waste generated across our portfolio.

KEY FIGURES	UNIT	BOUNDARIES	Total portfolio (Like-for-Like)		
			2021	2022	% change
WATER	m ³	Total landlord-obtained water	1,499,871	1,480,683	-1.3
	m ³ /m ² /year	Building Water Intensity	1.81	1.79	-1.3
WASTE	m ³	Total landlord-managed waste (Incl. Tenants)	75,529	76,953	1.9
	%	% Recycled	35.39	34.74	-1.9