



Environmental and Energy Policy

The Grand City Properties S.A. is committed to protecting the environment, the health and safety of its employees, and the community in which the Group conducts its business. It is the Group's policy to seek continual improvement throughout its business operations to lessen the impact on the local and global environment by conserving energy, water and other natural resources, reducing waste generation, increasing the share of waste that is recycled, and reducing the use of toxic materials.

The Group is committed to environmental excellence and pollution prevention, meeting or exceeding all environmental regulations that apply to its business. We purchase products that have greater recycled content, lower toxicity and less packaging, which reduces the use of natural resources.

It is the Group's belief that increasing energy efficiency and renewable energies leads to an increased attractiveness of the Group's assets. The Group continuously strives to identify opportunities for energy savings, either through specific technical upgrades or through a holistic approach encompassing environmental issues when an asset is modernized.

In order to demonstrate our achievements, we have been publishing sustainability reports since 2017 and constantly strengthening our internal processes in a formalised management system geared to meeting generally accepted sector and industry standards that can be readily and timely communicated to external stakeholders.

This Environmental and Energy Policy ("**Policy**") applies globally to Grand City Properties S.A. , its subsidiaries and affiliated companies (as defined in Section 15 of the German Stock Corporation Act) ("**GCP**" or "**Group**"), as well as to all companies in which the GCP Group holds an interest, to the extent that such companies adopt this Policy as binding (hereinafter, all companies covered by the scope are referred to as "**GCP**"). This Policy applies to all personnel, including officers, directors and apprentices. If the masculine form is used in this Policy, then it is only for ease of reading and simplification.

1. Need

Real estate properties are rated and valued according to their Environmental Social and Governance (**ESG**) performance, including their impact on climate CO₂e emissions.

GCP recognizes the importance of lowering CO₂e emissions generated by the assets' electrical and thermal energy consumption. The Group is undertaking the necessary and financially feasible actions to reduce greenhouse gas emissions.

- The Group aims to reduce 40 percent of its CO₂e emissions by 2030 compared to the baseline year of 2019.
- It is the long-term objective of the Group to be carbon neutral according to EU regulations.

The Group's policies in the field of environmental protection and CO₂e emissions reduction in particular are continuously assessed by all stakeholders. This continuous assessment also applies to all relevant targets and objectives.



GCP will implement this Policy, as well as execute the associated actions, in order to:

- contribute to a better environment,
- reduce CO₂e emissions through improved energy efficiency and on-site renewable energy generation,
- decrease the energy intensity of properties,
- align with laws, regulations, and legislative environmental targets and obligations,
- save energy, taxation and maintenance costs in the future,
- increase the Group's ESG rating based on environmental factors,
- increase return through improved operational efficiency and cost structures,
- increase property value through verifiable resilience to transitional and physical climate-related risks,
- contribute to a positive image through verifiable environmental action, and
- increase the Group's competitive advantage.

The goal is that all major renovations, redevelopments, and modernization projects should consider energy efficiency and renewable energy measures in the planning phase.

2. Scope

This Policy constitutes GCP's policy on:

- energy
- water
- waste

This Policy was developed in order to reflect the Group's responsibility for environmental stewardship and is therefore intended to be applicable throughout all Group departments and properties as well to new developments, major renovations, and modernizations.

To ensure a sound investment strategy, all energy, waste and water management technologies and systems must be mature and among the best available technologies on the market. Technologies that can be funded by governmental grants are to be prioritized for implementation.

3. Key objectives for energy

The asset portfolio should operate in a highly energy-efficient manner and contribute to lowering CO₂e emissions.

The Group aims to expand:

- Metering and monitoring systems,
- high- energy efficiency systems,
- renewable energy systems,
- energy storage systems, and
- electric vehicle chargers wherever feasible.

GCP uses renewable energy sources whenever possible for heating and electricity. The Group will pursue the replacement of all fuel oil heating systems and increase the adoption of decentralized renewable and high-efficiency energy systems as well as transitioning to district heating.



GCP is progressively changing its entire portfolio to renewable energy contracts for:

- electricity,
- district heating system from renewable sources, and
- natural gas.

All actions necessary to decarbonize the Group's assets are defined in the asset-level energy audits, which will be conducted either by the GCP Energy Department (**GCPED**) or an external vendor under the supervision of GCPED and the relevant construction, facility and asset managers.

GCP expects increasing energy demands as well as instances of energy shortages. This requires the Group to aim for as much local asset independence as possible. On this basis, the Group is targeting the use of artificial intelligence to optimize all local energy supply and demand, including on site storage capacities. Therefore, all photovoltaic (PV) and combined heat and power (CHP) systems should be controlled by one company, unless there are special considerations and compatibility with another company.

Tenant and business partner engagement will be pursued to raise awareness of energy efficiency initiatives relating to tenant consumption and business partner operations, as well as to ensure that systems in place operate at the highest efficiency.

4. Key objectives for water

The asset portfolio should be water usage efficient and contribute to lowering water waste and leakages.

The Group aims to incorporate:

- metering, sensors, and leakage systems
- high-efficiency water systems
- water recycling systems
- dry fixtures
- wastewater treatment systems
- water butts and rainwater collection systems

Tenant and business partner engagement will be pursued to raise awareness of water efficiency initiatives relating to tenant consumption and business partner operations, as well as to ensure systems in place operate at the highest efficiency.

5. Key objectives for waste

The asset portfolio should contribute to lowering waste production and improving waste management.

The Group aims to incorporate into all waste management agreements:

- suppliers' obligation to disclose amounts of waste and waste disposal type
- recycling or reuse of waste
- incineration with or without energy recovery
- highest possible rate of waste being recycled or reused
- lowest possible rate of waste going to landfills.



Tenant and business partner engagement will be pursued to raise awareness for initiatives to improve waste management relating to tenant disposal and business partner operations, as well as to increase the share of waste recycled or reused.

6. Responsibilities

We expect each employee to contribute to the preservation of our environment and the achievement of our goals as defined in this Policy. Each asset manager is responsible for overseeing the reduction of his or her asset's CO₂e emissions and taking appropriate actions with the support of ATED.

Every employee or consultant who is commissioned to plan or to implement single environmental measures, new developments, capital measures or major renovations will ensure maximum efforts to implement environmental measures.

All energy, water and waste management measures are to be taken by, and will solely led by, GCPED.

7. Documentation

The group-level reduction target applies to every single asset. At the end of each winter heating season, asset managers, coordinated by the COO, must provide a work plan for maintenance and renewal of energy and water related systems.

The CEO, CFO, Head of Energy Department and Head of Sustainability Department are responsible for the CO₂e emissions reduction program development, including this Policy.

8. Validity and entry into force

This Policy is considered final and will come into force on 01.04.2023. It replaces all previous guidelines and/or policies issued in this regard.

Approved by Board of Directors 08.03.2023