CPI Property Group

Sustainability Finance Framework
3 January 2022

CPIPG is dedicated to high sustainability standards

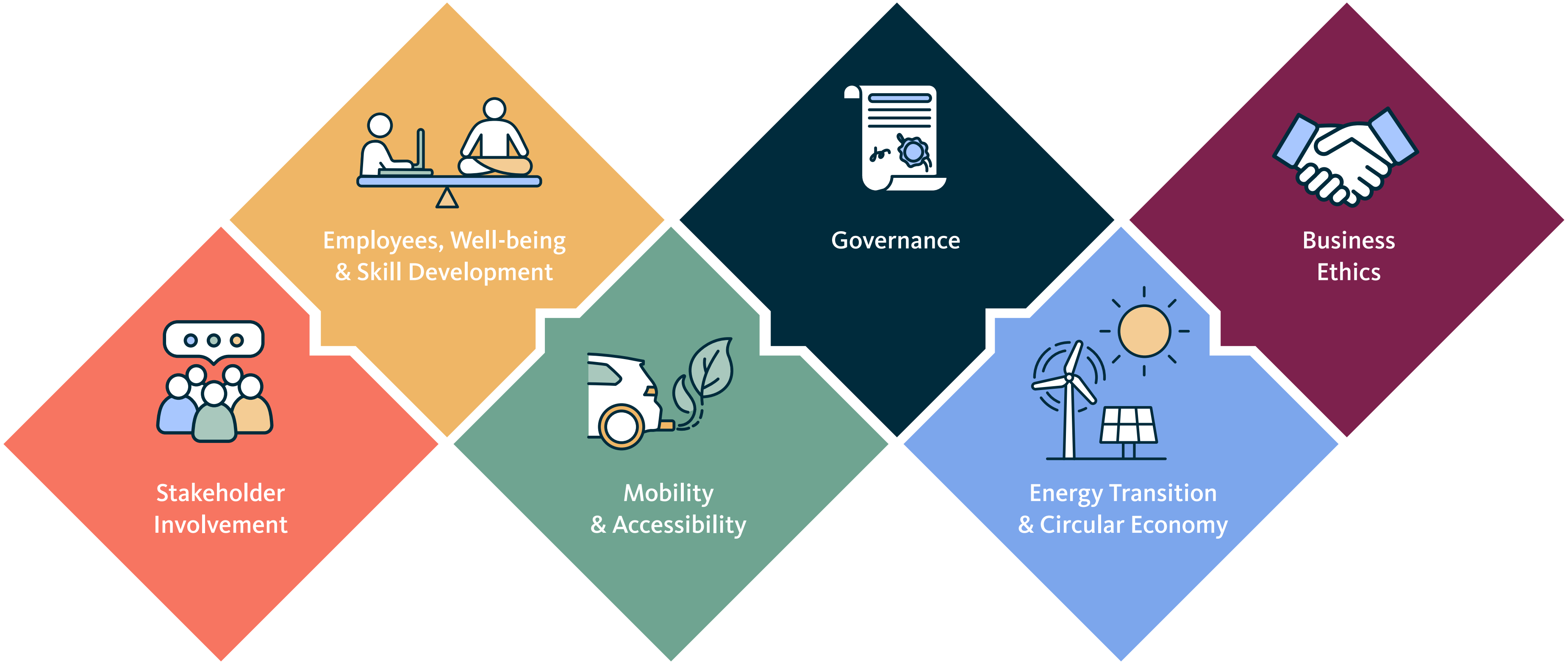
CPIPG has over 2,000 employees and fosters an inclusive and diverse culture. In a 2021 survey, **97% of our employees indicated they were proud to work for CPIPG.** We pride ourselves on having an inclusive, family business-oriented corporate culture despite our size and geographic diversity.

CPIPG follows the X Principles of Governance published by the Luxembourg Stock Exchange and is listed on the Frankfurt Stock Exchange. **Significant improvements have been made since 2019 to continually improve Board independence and internal policies.**

** https://www.bourse.lu/corporate-governance*

CPIPG's Code of Ethics, established in 2019, together with our Group policies, sets basic standards of conduct for all employees and agents. **All policies were reviewed by Dentons in 2018/2019** and are available on our website.

** http://sustainability.cpipg.com/business_ethics.php*



CPIPG has a **continuous dialogue with tenants, employees, investors, and members of local communities** and is involved in a **wide range of community engagement initiatives and charitable activities**. This is supervised and directed by the Board of Directors.

CPIPG actively supports green mobility. The Group supports green mobility by **actively promoting cycling, access to public transport and clean modes of transportation** for tenants and employees. **E-vehicle charging points increased by 147% in 2020** with plans for further expansion in the future. We have set a target to replace our corporate vehicle fleet in the Czech Republic with plug-in hybrids by 2024.

Significant investments in green buildings and energy efficiency improvements. CPIPG has set performance targets for its **greenhouse gas production and water consumption** by the end of 2030, and recently **increased the level of ambition of its GHG intensity target to be in line with Paris Agreement goals.** The Group has also set a target to switch to **100% renewable energy purchases by 2024.**

CPIPG's ESG journey

2021

CPIPG joins the Polish Green Building Council

CPIPG revises its environmental strategy

Environmental Targets submitted for validation by Science-Based Target Initiative

2020

CPIPG reports on climate change in CDP for the first time

CPIPG joins New Green Deal Declaration

Energy Management System implementation starts

Partnership with CI2, a regional partner of CDP

CPIPG issues three more green bonds:

Debut Sterling green bond issuance £350 m

Third benchmark green bond issuance €750 m

First corporate green bond in Hungary HUF 30 bn

2019

Board of Directors establishes a separate CSR Committee

Increased Board and Board committee independence

CPIPG issues debut green bond €750 m

CPIPG joins the Czech Green Building Council

New CSR policies

2018

Environmental partnership with UCEEB

First ESG rating from Sustainalytics

Appointment of a group sustainability officer

Sustainability agenda / target-setting commences

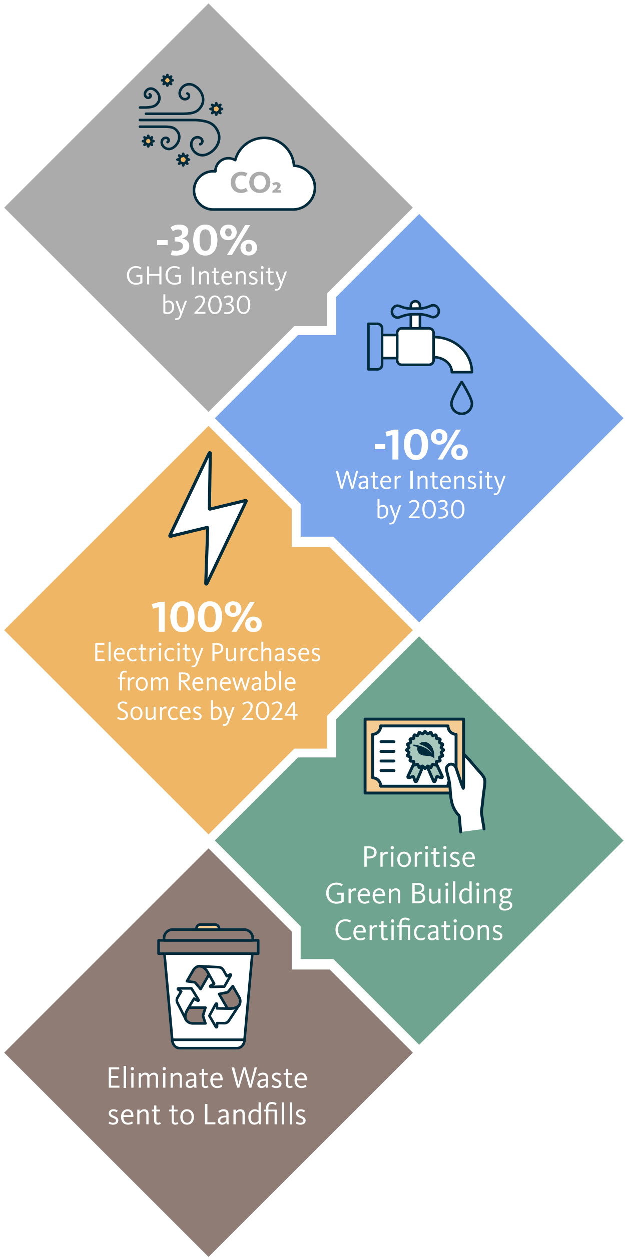
2017–2018

Investment grade ratings achieved with S&P and Moody's

Establishes EMTN programme

CPIPG becomes an established issuer on international debt capital markets

Sustainability overview and strategy



CPIPG's key sustainability principles:

- promoting a sustainable approach towards real estate development and management;
- contributing to environmental protection and the development of local communities in which the Group operates;
- pursuing a sustainable business model that allows the Group to achieve its business objectives without placing an excessive burden on the environment;
- actively managing the Group's assets to continually improve environmental performance, quality and resilience; and
- encouraging proactive contributions from all employees, tenants, customers and stakeholders of the Group to meeting all objectives in compliance our principles.

CPIPG endorses the UN Sustainable Development Goals and is a UN Global Compact Subsidiary

CPIPG backs all the 17 Sustainable Development Goals (SDGs), as defined by the United Nations for 2015–2030. CPIPG sees the SDGs as part of the business decision-making processes at all levels within the Group.

In addition, the Group became a UN Global Compact signatory in 2021.

SUSTAINABLE DEVELOPMENT GOALS

CPIPG has identified priority goals for which it intends to play an increasing role:

3 GOOD HEALTH AND WELL BEING

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

Climate change

We have recently aligned our targets and strategy to Paris Agreement goals

CPIPG has been making rapid progress against the environmental targets that were initially set only three years ago in early 2019 to **reduce greenhouse gas ("GHG") emissions intensity by 20% by 2030, versus baseline 2018 levels.**

CPIPG tightened its environmental targets in March 2021, and announced its commitment to reduce GHG emissions intensity by 30% by 2030 (across scopes 1-3), from 2019 base year.

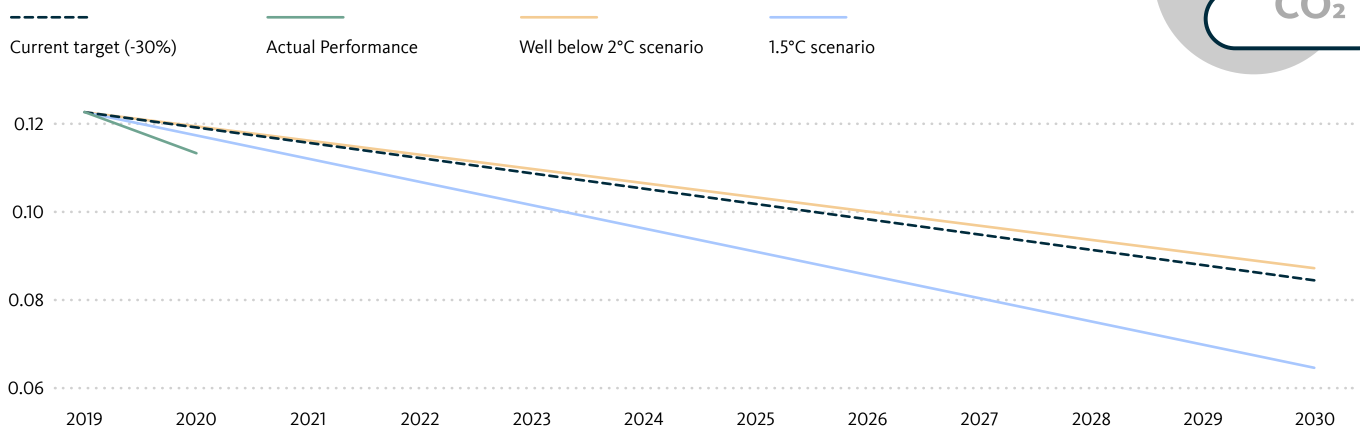
In support of this target, CPIPG also committed to transition all electricity purchased by the Group to 100% renewable sources by 2024. Electricity purchases comprises a significant portion of the Group's energy mix today and is mostly derived from fossil fuel sources, so a transition to renewable sources will **contribute meaningfully to the reduction of our overall GHG emissions and intensity in future.**

The Group's revised GHG emissions intensity reduction target has been developed as science based, aligned with Paris Agreement climate goals to limit the global temperature increase versus pre-industrial levels to well below 2 degrees centigrade. This was submitted for validation by the Science Based Targets initiative ("SBTi") in 2021.

The Science Based Targets initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

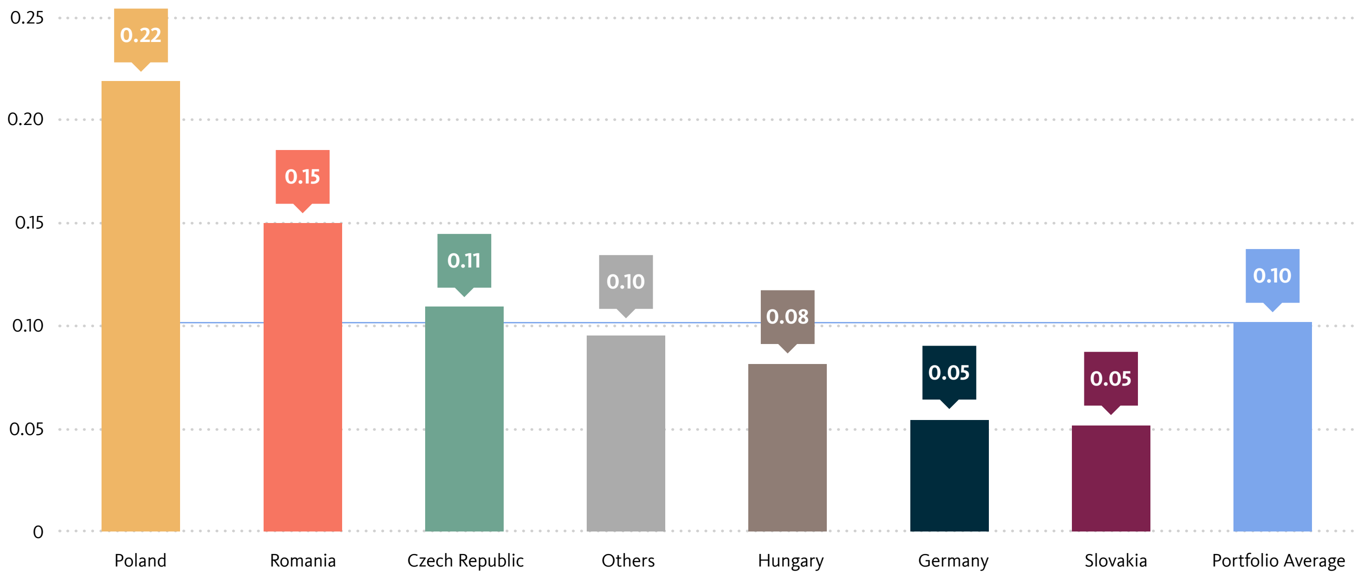
CPIPG's environmental strategy originated in 2018, coinciding with the acceleration of the Group's ESG journey. The environmental targets chosen by the Group in 2018 were appropriately challenging at the time based on the level of the Group's experience and knowledge. We decided to increase the ambition level of our targets in March 2021 for two key reasons: firstly, since 2018 CPIPG's in-house expertise and understanding regarding the Group's carbon emissions has developed significantly. Secondly, the opportunity to significantly reduce carbon emissions in our portfolio through switching to 100% renewable energy purchases required careful assessment and consultation with our advisors over a period of time.

GHG intensity evolution to 2030 target (t CO_2e/m^2 p.a.)



The intensity target relates to the Group's buildings in operation, fuel consumed by the company cars and the expanded scope of emissions categories: 3.1 – Purchased goods and services; 3.2 – Capital goods; 3.6 – Business travel; 3.7 – Employee commuting. Farms, Ski resort and Investments are excluded. In light of the Group's revised GHG emissions intensity target announced in March 2021 (30% by 2030 versus 2019 baseline), the intensity target for 2030 would be 0.085 t CO_2 eq/m² pa.

2020 GHG emissions intensity across the Group's portfolio (t CO_2e/m^2 p.a.)



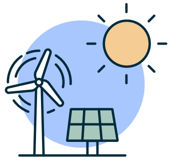
The green energy purchase is prioritized in countries with the high emission factors, such as Poland, followed by Romania, Hungary, the Czech Republic and Germany. Electricity from renewable sources is utilized by Guarantees of Origin (GoO). GoO are prioritized from countries of high emission factors and in which CPIPG operates in order to help clean the energy mix in these countries.

Note: GHG calculated with market-based emission factors

Energy

The Group has identified measures to mitigate energy consumption

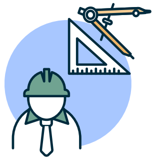
Energy consumption from buildings in operation is identified as the main contributor to GHG production across the Group. The Group develops and introduces specific measures to improve energy efficiency (and also reduce GHG emissions) throughout the portfolio, including:



Switching electricity from fossil fuel to renewable sources;

Operating efficiency improvements;

Tenant involvement and cooperation;



Energy efficient CAPEX, and;

New developments complying with net zero energy buildings regulations

Energy-efficient improvements in our properties enhance day-to-day energy performance, extend the longevity of building systems and reduce future CAPEX requirements. The cost to achieve efficiencies is usually fully offset and in many cases outweighed by energy savings.

Potential reduction in energy consumption through close cooperation and alignment of strategic objectives with tenants is an additional measure to optimise energy efficiency. Tenant involvement is encouraged through engagement programmes, green leases and green memorandums.

Regular reviews of efficiency utilising reporting systems and energy audits

The Group regularly reviews the operation of buildings to identify efficiency opportunities. Regular checks on consumption patterns take place throughout the majority of the portfolio, utilising the recently-implemented energy management system in line with ISO 50001: 2019. The Group also regularly conducts energy audits across the portfolio.

100%

CPIPG electricity purchases from

renewable sources

by 2024

Green CAPEX investments improve energy and water efficiency of properties

Gradual modernisation of aging core building systems through CAPEX is critical to ensure optimal energy and cost efficiency. Typical examples of such measure implemented by the Group in select properties include advanced ventilation systems regulated based on current CO_2 levels, intelligent lighting control systems, LED lighting with daylight and motion sensors etc.

Life Cycle Cost Analysis ("LCCA") is part of the decision-making process for all CAPEX projects and new developments

LCCA is implemented for all CAPEX projects and new developments in order to identify solutions that meet environmental and economic targets. The Group conducts LCCA with external consultants for new real estate projects over 10,000 m² or new real estate projects that would be subject to assessment in sustainability certification schemes (BREEAM, LEED). For other CAPEX and development projects, the LCCA is carried out in-house.

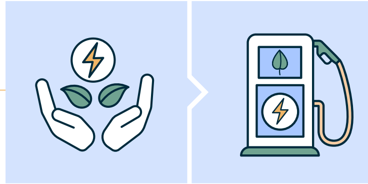
Green transportation

Our properties cater to clean modes of transport

The Group supports green mobility by actively promoting bike transportation, access to public transport and proximity to key amenities and clean modes of individual transportation. A majority of assets are located in urban areas within a reasonable distance to public transportation which applies for over 90% of offices, shopping centres and hotels.

At the end of 2020, the electric vehicle charging infrastructure in the portfolio comprised of 164 charging points mostly in the office segment, with plans for further extension in the future.

In the Czech Republic, CPIPG set a target in 2021 to replace our corporate vehicle fleet with 240 Škoda plug-in hybrids by 2024.



Energy mix – renewable energy

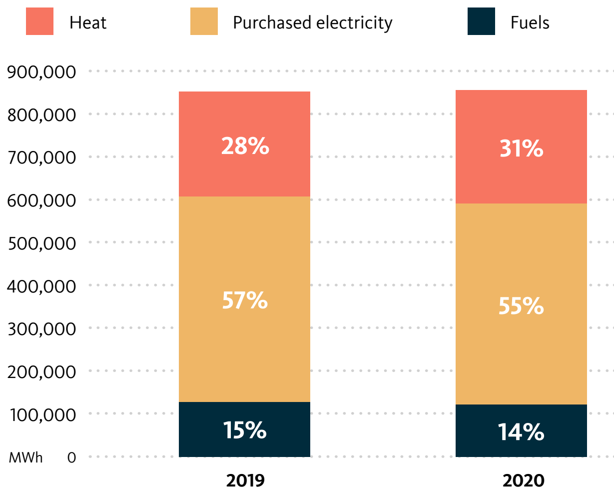
CPIPG considers options for reducing the environmental impact of the energy it consumes, by purchasing low-carbon or renewable energy from suppliers and generating low-carbon or renewable energy onsite. The energy mix is a key focus in regions which have carbon-intensive national energy infrastructure.

CPIPG has committed to transition electricity purchased by the Group to 100% renewable sources by 2024. Some of CPIPG's assets already commenced green electricity purchases through green electricity contracts in 2020 and 2021 utilising Guarantees of Origin, which will be accelerated in future in light of the Group's 2024 target. Historically, purchased electricity has comprised 55-60% of the Group's overall energy mix, of which around half relates to electricity purchased directly by CPIPG.

The Group is also actively involved in other initiatives to increase renewable energy generation and optimise our energy mix:

- Through the Group's subsidiary in Berlin, we are the largest producer of solar energy in the city, owning 45,000 m² of photovoltaic (PV) area (6.2 MWp output), spanning across 65 buildings. Annual production of renewable energy amounted to 4,883 MWh in 2020, representing savings of 2,486 t CO_2 eq in 2020. The energy produced is sold to the grid.
- The Group recently acquired a biogas renewable energy plant with a power output of 600 kWp and annual production of 5,114 MWh which represented savings of 3,082 t CO_2 eq in 2020.

CPIPG energy mix of buildings in use



CPIPG's approach to sustainable finance

This Framework has been established to support CPIPG's future issuance of sustainable financing instruments, including Green Bonds, Sustainability-Linked Bonds or a combination of the two. This Framework has been developed in alignment with the Green Bond Principles 2021, and the Sustainability-Linked Bond Principles 2020. The Framework will be updated periodically in future in line with the published Delegated Acts of the EU Taxonomy or if there is any update to these Principles.

CPIPG recognises the important role that sustainable finance plays in supporting the transition to a low-carbon and more resource-efficient economy, and we have established ourselves as an active issuer of Green Bonds. Since October 2019, CPIPG has issued four green bonds in three currencies, placing it among a select group of corporate issuers.

We have also decided to put in place a Sustainability-Linked Financing Framework to link our financing with our sustainability objectives and selected an ambitious sustainability target that is relevant, core, and material to our business. This should also signal to our investors and stakeholders the strong commitment CPIPG has towards significantly reducing our carbon footprint and integrating our environmental objectives and financing strategy.

CPIPG originally set Group-wide environmental targets beginning in February 2019 and has already made strong progress against them, particularly in relation to reducing the intensity of greenhouse gas ("GHG") emissions. In 2019, CPIPG's like-for-like GHG intensity was reduced by 1.4% and in 2020 the reduction was 12.8%*.

Based on CPIPG's experience, plus input from our stakeholders and external advisors and with support from the Group's CSR committee, CPIPG increased the ambition of our environmental targets in March 2021. CPIPG's revised target is to reduce GHG emissions intensity by 30% by 2030 versus baseline 2019 levels (across all emissions scopes 1-3). In support of this objective, the Group has also committed to transition all electricity purchases by the Group to 100% renewable sources by 2024. CPIPG believes that switching electricity purchases to 100% renewable sources by 2024 will significantly reduce overall GHG emissions and intensity in future, which together with planned efficiency improvements and enhanced monitoring across the property portfolio will support our ability to achieve the 2030 GHG emissions intensity reduction target.

* *Relates to the Group's target until March 2021, which targeted a reduction in greenhouse gas emissions intensity of 20% by 2030, with reference to 2018 as the baseline.*

Sustainability-linked bond framework

This Framework is aligned with the five core components of the Sustainability-Linked Bond Principles published by the International Capital Markets Association (ICMA) in June 2020:

1. **Selection of Key Performance Indicators (KPIs)**
2. **Calibration of Sustainability Performance Targets (SPTs)**
3. **Characteristics of the Sustainability-Linked Notes**
4. **Reporting**
5. **Verification**

Selection of Key Performance Indicators (KPIs)

The selection of the Key Performance Indicator (KPI) is aligned with CPIPG's environmental strategy updated and approved by the Group's CSR Committee in March 2021. In addition, KPI selection is also driven by the requirements of the Sustainability-Linked Bond Principles, which recommend that the selected KPI/s be relevant, core and material to the issuer's overall business, and of high strategic significance to the issuer's current and/or future operations.

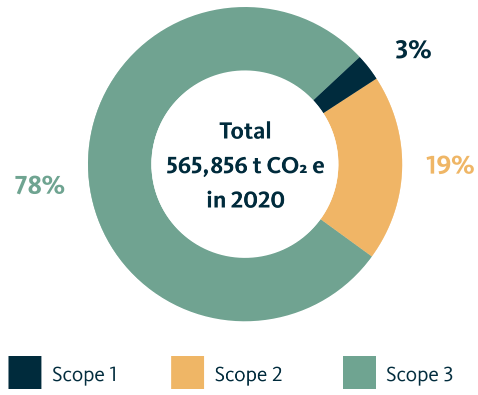
KPI: Greenhouse gas ("GHG") emissions intensity reduction (Scopes 1-3, according to the GHG Protocol or Categories 1-6 according to ISO 14064) expressed in tonnes of CO_2 equivalent emissions per m².

General theme
Climate Change Mitigation
Sub-theme
Carbon Emissions Intensity
UN Sustainable Development Goals (SDGs)

EU objective
Climate Change Mitigation – 55% greenhouse gas emission reduction by year 2030 compared to 1990 level

** *In the Group's ski resort (Crans Montana) the GHG emissions from energy consumption also includes the energy required to operate the ski resort facilities including ski lifts, pumping of water for snowmaking and snowmaking itself.*

The KPI includes all 3 scopes of GHG emissions:



- **Scope 1** includes GHG emissions from fuels (including CPIPG's car fleet) and from modelled leakages of refrigerants in buildings' HVAC systems at directly managed assets.
- **Scope 2** includes GHG emissions related to purchased electricity and heat from district heating systems.**
- **Scope 3** covers the indirect production of GHG emissions originating from generation, transmission and distribution of energy, from fresh water and wastewater treatments and from waste management. Scope 3 also includes direct and indirect GHG emissions from assets owned, but not operated by CPIPG. GHG emissions from purchased electricity and district heating was calculated separately for location-based emissions factors (per country) and for market-based factors (per respective electricity and district heating provider) when the information is available.

The perimeter of the KPI comprises the performance of the entire Group and its subsidiaries, including CPIPG's equity stakes in associates and joint ventures.

The selected KPI is relevant, core and material to CPIPG's overall business, and of high strategic significance as recommended by Sustainability-Linked Bond Principles.

Calibration of Sustainability Performance Targets (SPTs)

CPIPG has established an ambitious target to tackle climate change and significantly reduce the carbon emissions intensity of its property portfolio***.

SPT 3: Total greenhouse gas ("GHG") emission intensity reduction (Scope 1, 2 and 3 emissions) equal to or lower than 0.085 t CO_2eq/m² of CPIPG's property portfolio by the end of 2030. This equates to a reduction in emissions intensity of 30% versus the 2019 baseline.

In line with our 2030 target we have also set two interim targets for this Framework:

SPT 2: Total greenhouse gas ("GHG") emission intensity reduction (Scope 1, 2 and 3 emissions) equal to or lower than 0.095 t CO_2eq/m² of CPIPG's property portfolio by the end of 2027. This equates to a reduction in emissions intensity of 22% versus the 2019 baseline.

SPT 1: Total greenhouse gas ("GHG") emission intensity reduction (Scope 1, 2 and 3 emissions) equal to or lower than 0.102 t CO_2eq/m² of CPIPG's property portfolio by the end of 2025. This equates to a reduction in emissions intensity of 16% versus the 2019 baseline.

2019 has been chosen as the baseline as it was the most recently-completed financial year that CPIPG reported on its environmental performance before the submission of our target to the Science Based Targets initiative ("SBTi") in early 2021, to verify the target's alignment with Paris Agreement objectives to limit global temperature versus pre-industrial levels to well below 2 degrees centigrade. Market-based emission factors are incorporated into the calculation of the SPT.

The perimeter of the SPT comprises the entire Group's property portfolio, with minor exceptions. For comparability purposes, and their limited contribution to CPIPG's overall GHG production, the SPT excludes the Group's ski resort in Crans Montana, Switzerland and its farms in the Czech Republic (representing 3.6% of Group GHG Scope 1 and Scope 2 together) except for the biogas power plant.

In terms of Scope 3 sub-categories, Investments (Scope 3.15) are excluded from the SPT definition. However, the SPT definition remains in line with the minimum requirement set by the SBTi stating that at least two thirds of total Scope 3 emissions must be included within the definition. Scope 3.15 accounted for 13.7% of the Group's Scope 3 emissions in 2020.

SPT 3 is in the process of validation by the SBTi as being in accordance with Paris Agreement targets to limit global temperature increase versus pre-industrial levels to well below 2 degrees centigrade. If the SBTi approved target is more ambitious than the current one, CPIPG will update its target, including any interim targets, and the SLB will then be linked to the SBTi validated target.

**** The scope of the SPT excludes CPIPG's ski resort in Crans Montana, Switzerland and farms in the Czech Republic, and a minor part of Scope 3 (3.15 Investments) due to challenges in comparability and their limited contribution of GHGs to the overall Group*

The SPT was established according to SBTi guidelines and criteria, in particular:

- Scope 3 emissions are included as they account for more than 40% of CPIPG's GHG emissions (77.9% in 2020)
- Measures contemplated to achieve our SPT includes a share of green electricity – CPIPG has committed to transition 100% of electricity purchases to renewable sources by 2024, which will support the Group's ability to achieve our GHG emissions reduction target by 2030
- The baseline year applied is the most recent year of reporting
- The SPT is ambitious

When assessed according to the 2019 baseline, CPIPG's GHG emissions intensity in 2020 was 3.7% ahead of the required trajectory of improvement, assuming the performance against the 2030 SPT is constant each year.

GHG Intensity	2019	2020	2025	2027	2030
Target (t CO_2 eq/m²)	0.122	0.118	0.102	0.095	**0.085**
Actual performance (t CO_2 eq /m²)	0.122	0.114			
Performance vs. target	0.0%	**3.7%**			

However, we have identified a range of measures which will be implemented to further reduce GHG emissions intensity, thereby supporting continued future progression against the SPT. These are as follows:

- **Renewable energy:** CPIPG has committed to transition all electricity purchases by the Group to 100% renewable sources by 2024. CPIPG believes that switching electricity purchases to 100% renewable sources by 2024 will significantly reduce overall GHG emissions and intensity in future, given that today electricity derived from fossil fuel sources is currently a meaningful portion of the Group's energy mix (more than 30%). CPIPG will also continue to support renewable energy generation on site: our subsidiary GSG Solar is the largest producer of solar energy in Berlin, while CPIPG's sustainable farming subsidiary Spojené farmy owns a biogas renewable power plant in the Czech Republic. CPI Energo, our electricity distribution company in the Czech Republic, will continue to pursue green energy production and innovative solutions.
- **Tenant involvement:** The majority of CPIPG's GHG emissions derive from Scope 3 (77.9% in 2020). The main source of GHG emissions in CPIPG's portfolio stems from the operation of buildings by CPIPG's tenants, where CPIPG has indirect control. Therefore, CPIPG has identified tenant involvement and cooperation as an important measure to reduce GHG emissions. CPIPG has executed Green Memorandums (for current tenants) and Green Leases (for future tenants) on a selective basis and expects to execute more in future. The Group recognises the importance of engaging with occupants, educating and cooperating with them on reducing the environmental impact of the portfolio. The Group executes Green Lease and Green Memorandum across the segments.

  Green Lease principles are incorporated into standard lease forms and are considered for future renewals and new tenants. Several Green Leases have been already executed, such as Capgeminy for the MAYHOUSE project in Prague.

  Green Memorandum is considered for existing tenants where contract renewal is not applicable at the moment. In 2020 the anchor retail tenants have been identified to start cooperation with such as Tesco, Ahold, Norma, BILLA, Penny Market, OBI, Bauhaus, and Kaufland representing approximately 10% of CPIPG portfolio in terms of gross leasable area of built portfolio (m²). Several tenants (Ahold, Norma, Penny Market, BILLA, Tesco, Kaufland – 250,000 m²) have already signed the Green Memorandum, as of December 2021.

  The Green Lease/Green Memorandum of understanding in terms of environmental protection between the landlord and the tenant covers the main areas:

  — Set up of the building management committee which will comprise representatives of the landlord, the tenant and other persons involved in the operation or management of the building and the premises.

  — Optimalisation of building management system (BMS).

  — Cooperation on green measures considered or being employed at the building and the premises. Main areas of interest are as follows: energy, waste, water, energy audit, alternation and replacement, work environment, accessibility, transport, and cleaning.

  — Agreement on the environmental data sharing in relation to the building and the premises in respect of: electricity, gas, water, and any other energy consumption, waste generation and recycling, maintenance of the building and its equipment.
- **Energy efficiency enhancements:** CPIPG identifies and implements opportunities to enhance day-to-day energy performance of the properties, extend the longevity of building systems and reduce future CAPEX requirements.
- **Green CAPEX:** CPIPG will look at opportunities to upgrade systems in existing properties where relevant and where significant energy savings can be achieved. We consider Nearly Zero-Energy Building requirements (NZEB) for our CAPEX projects.

- **Waste management:** In 2020 and 2021, the Group has conducted a couple of waste analyses across the Czech Republic portfolio. The first study in 2020 involved reviewing physical waste samples and identified potential for waste reduction, material reuse and diversion from landfills. The analysis found that over 70% of mixed municipal waste consists of potentially recyclable components, primarily comprising biodegradable waste. This analysis has been followed in 2021 by a proposal for specific measures to streamline waste management, which applies to the entire CPIPG portfolio. As a result, CPIPG plans to focus on proper recycling and set a target for recycling rate at a minimum 55% threshold by 2025 resp. 60% by 2030 and thus eliminate waste sent to landfills. The proposed targets are in line with the EU Directive 2018/851 requirements.

Factors that support and/or might put at risk the achievement of the Group's targets are disclosed in the relevant documentation of the sustainability-linked transactions, in particular the Group's EMTN programme base prospectus and supplements issued periodically.

Bond characteristics

CPIPG has set out below the proposed adjustment to the characteristics of any Sustainability-Linked financing instrument, which will be applied in the event that CPIPG does not achieve the specified SPTs by the relevant Target Observation Date on 31 December 2025, 31 December 2027 and 31 December 2030 respectively, for SPT 3, SPT 2, and SPT 1.

The precise mechanism for the adjustment will be specified in the Final Terms of any Sustainability-Linked instrument, and will comprise of an increase in the coupon margin (a 'step-up' margin) of 25 basis points payable from the first coupon payment date following the Sustainability Performance Target Observation Date, until maturity of the relevant Sustainability-Linked financing instrument.

If for any reason, the performance level against the SPT cannot be calculated or observed, or not in a satisfactory manner (for example where the relevant assurance statement contains a reservation or qualification, or the independent auditor is not in a position to provide such an assurance statement), the increased coupon margin (as defined) will be applicable.

If for any reason, CPIPG does not publish details of its performance against the relevant SPT, the increased coupon margin will be applicable.

No more than one step-up margin shall be applied over the life of a given Sustainability-Linked financing instrument.

If the specified SPT has been met, and the specified reporting and verification has been made public, the financial characteristics of any Sustainability-Linked financing instrument issued under this Framework shall remain unchanged.

For purposes of the SPT, certain potential events, such as material acquisitions or divestitures, including events not within the Group's control, can substantially impact the calculation of the KPI, and may require the restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope in line with the CPIPG GHG Recalculation Policy. Any such readjustment will be disclosed as part of the Group's annual reporting on the KPI.

Reporting

CPIPG will communicate annually on the relevant KPI and SPT, making up-to-date information and reporting available in our annual Management Report, published on our website. The performance report will include CPIPG's performance against the selected KPI/SPT, according to the relevant baseline.

Following a target observation date, a verification assurance certificate confirming whether the performance on the KPI meets the relevant SPT will be published on CPIPG's website.

Any information relevant for investors relating to the KPI and SPT will also be published on CPIPG's website.

In addition, CPIPG will publicly disclose its environmental and climate-related data through the CDP Climate Disclosure questionnaire on a yearly basis.

Verification

This Framework and the associated annual reporting will benefit from multiple levels of verification:

A Second-Party Opinion ("SPO") by Sustainalytics on the alignment of the Framework and the associated documentation with the Sustainability-Linked Bond Principles, including an assessment of the relevance, robustness and reliability of selected KPI, the rationale and level of ambition of the proposed SPT, the relevance and reliability of selected benchmarks and baselines, and the credibility of the strategy outlined to achieve them.

SUSTAINALYTICS

CPIPG's annual reporting on its environmental performance, including the relevant KPI and SPT is prepared in cooperation with and through advisory services provided by multiple third parties:

1. The University Centre for Energy Efficient Buildings ("UCEEB") of the Czech Technical University in Prague ("CTU"). Since 2018, CPIPG has been working closely with UCEEB who acts as a technical support provider and adviser for the implementation of environmental reporting, supports the establishment and quantification of environmental Key Performance Indicators (KPIs), and co-defines principles for regular monitoring and reporting in line with the global environmental reporting standards (GRI, EPRA, GHG Protocol, ISO). Through the partnership with UCEEB, CPIPG continuously works to improve its environmental performance and establish a strong EMS comprising processes and practices designed to promote environmental objectives;
2. Since 2019 CPIPG has been in cooperation with CI2. CI2 is a non-profit organisation focused on sustainable development, education, publishing, science and research. Its aim is to promote sustainable development in cooperation. CI2 is a regional partner for CDP reporting. CI2 acts as a third party and monitors, reviews and independently validates CPIPG's GHG disclosures and methodology used. Through the review process, CI2 advises on compatibility with the GHG Protocol and ISO 14064-1: 2018 and compatibility with CDP reporting standards.

Close cooperation with reputable third-party specialists helps to ensure that CPIPG's KPI and SPT is well established and prepared, verified, and confirmed according to the procedures defined in the ISO 14064 and GHG Protocol and awarded CI2 conformity certificate.

In addition, a verification assurance certificate confirming whether the performance of the KPI meets the relevant SPT will be published on CPIPG's website following a target observation date.

Green bond framework

Use of proceeds

An amount equivalent to the net proceeds of the Green Bond issuance will be exclusively used to finance or refinance* in whole or in part, projects or equity investments that meet the Eligibility Criteria as outlined below:

Eligible Sector	Eligibility Criteria
Green buildings	Acquisition, construction or refurbishment of portfolio which meet recognised international sustainability standards, such as: • BREEAM (Excellent and above) • BREEAM In-Use (Very Good and above) when certified under the most recent version of the certification scheme • LEED (Gold and above)
Energy Efficiency	• Acquisition, construction or refurbishment of buildings which qualify for Primary Energy Demand ("PED") of at least 10% below the threshold set for nearly zero-energy building ("NZEB") requirements • Acquisition, construction or refurbishment of buildings belonging to the top 15% most energy-efficient buildings in the local market** or have at least an Energy Performance Certificate ("EPC") class A in line with EU Taxonomy requirements • Renovations or refurbishment of existing buildings, delivering a minimum 30% reduction in carbon emissions intensity or two letter grade improvements according to local Energy Performance Certificate
Renewable energy	• Installation of photovoltaic, solar, wind, biogas (solely from waste sources) and heat pumps (air and ground source), and combined heat and power (powered by renewable fuels such as biogas, including landfill or digester gas, and wood waste and excluding those powered by fossil fuels) • Dedicated support infrastructure for renewable energy sources across building management systems
Environmentally sustainable management of living natural resources and land use	Promotion of ecological value, biodiversity and organic agriculture such as: • Farmland certified against EU standards on organic farming production • Installation of green roof gardens • Facility and infrastructure new build or upgrades that contribute to the protection of living natural resources, including for instance beehive rooftop installations and artificial nesting sites for birds

All of CPIPG's Eligible Green Projects contribute to the environmental objective of climate change mitigation and the achievement of UN Sustainable Development Goals, specifically:

Project category	UN Sustainable Development Target contributed to	
Green buildings	7.3. By 2030, double the global rate of improvement in energy efficiency	7 AFFORDABLE AND CLEAN ENERGY
Energy Efficiency	7.3. By 2030, double the global rate of improvement in energy efficiency	7 AFFORDABLE AND CLEAN ENERGY
Renewable energy	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix	7 AFFORDABLE AND CLEAN ENERGY
Promotion of ecological value, biodiversity and organic agriculture	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

* *CPIPG may refinance projects that were acquired, financed, constructed, refurbished, renovated or installed in the 36 months prior to the green bond issuance*

** *CPIPG has commissioned a report to determine a threshold for the top 15% most energy-efficient buildings in the Czech Republic and in Hungary. The full methodology is available on CPIPG's website*

Project selection and evaluation process

The Project Evaluation and Selection Process will ensure that the proceeds of CPIPG Green Bond(s) are allocated to finance or refinance projects that meet the criteria and objectives set out above in section 1. Use of Proceeds.

General sustainability assessment process

CPIPG is committed to high standards in environmental, social and ethical matters. As such, all of CPIPG's development and construction projects are subject to environmental assessment procedures. Before each potential asset investment, CPIPG examines the environmental risks and performs a Life Cycle Analysis ("LCA"). Factors taken into account include compliance with all applicable local regulations, the use of energy-efficient solutions and green BREEAM / LEED certification. Project timing, progress and budgets are carefully monitored, mostly with the support of external project monitoring advisors. Health, safety and environmental risks are monitored before and during construction.

Project selection process

The evaluation and selection process for Eligible Projects will be carried out internally by CPIPG's "Green Bond Team", chaired by CPIPG's CFO and comprised of representatives across the business from the legal, finance, and investor relations functions.

On an ongoing basis, eligible Use of Proceeds from CPIPG's portfolio of projects are identified and proposed by the Green Bond Team. The Green Bond Team screens these projects against the Eligibility Criteria set out in CPIPG's Green Bond Framework (see 1. Use of Proceeds), and recommends eligible projects for inclusion as Eligible Use of Proceeds to the Committee. On an annual basis, the Green Bond Team reviews all proposed Eligible Use of Proceeds to determine their compliance with the CPIPG Green Bond Framework in order to approve the allocation of proceeds. The Green Bond Team will review the allocation of the proceeds to the Eligible Use of Proceeds and determine if any changes are necessary (for instance, in the event that projects have been completed or otherwise become ineligible). While any CPIPG Green Bonds are outstanding, in the case of divestment or cancellation of a project to which proceeds have been allocated, CPIPG will reallocate the proceeds to other eligible projects.

The Green Bond Team will take the CSR Principles and Policies into account. The selected Eligible Projects will be provided to the CSR Committee, as described in Overview, for review. The Committee, after a thorough review, will present its conclusion the Board of Directors.

The Green Bond Team will also review the management of proceeds (as described in Section 3) and facilitate reporting (as described in Section 4).

The Committee will supervise the processes under this framework and will require relevant updates from the Green Bond Team. As part of its reporting to the Board of Directors, its findings, conclusions and recommendations will be submitted to the Board of Directors.

Management of proceeds

To manage the proceeds of CPIPG Green Bond(s), CPIPG will establish a Green Financing Register.

The proceeds of each CPIPG Green Bond will be earmarked against the pool of eligible projects and expenditures identified in the Green Financing Register.

The Green Financing Register will be reviewed annually by Green Bond Team to account for any re-allocation, repayments or drawings on the eligible projects and expenditures within the pool. The conclusion of the Green Bond Team will be presented to the Committee.

The Green Financing Register will contain relevant information including:

1. Details of the Bond(s): key information including transaction date, principal amount of proceeds, settlement date, maturity date, and interest margin or coupon, ISIN number etc.;
2. Details of Use of Proceeds, including:
   - Summary detail of eligible projects/expenditures to which the proceeds of the Bonds have been earmarked in accordance with this Framework;
   - Amount of allocation made;
   - Any unallocated Bond proceeds yet to be earmarked against eligible projects/expenditures;
   - Other necessary information

It is CPIPG's objective to allocate the proceeds of any Green Bond issuance immediately at issuance.

In the event that the proceeds cannot be fully allocated at issuance, or in the event that the proceeds are allocated to an eligible green project that is sold or otherwise divested, proceeds will be held in cash or other short-term instruments until they can be allocated to eligible green projects as outlined in Section (2.2).

Reporting

CPIPG commits to provide reporting, on an annual basis, commencing no later than one year after the date of the first green bond issue, with regard to the entire green bond portfolio:

1. CPIPG will create a report detailing the allocation of the net proceeds of its green bond(s), and give additional details at portfolio level such as breakdown by eligible project categories, a list of eligible projects financed, the remaining balance of unallocated proceeds, the geographical distribution of Green Projects, the share of financing/refinancing, and the status of buildings included (e.g under construction or completed). Reporting will be available on annual basis as part of CPIPG's annual management report and published on CPIPG's website.
2. Where feasible, CPIPG will include selected case studies of projects allocated with the green bond(s) proceeds.
3. Additional metrics may be available on selected assets through CPIPG's annual report in environmental section that covers along other indicators per EPRA Sustainability Best Practices Recommendations Guidelines.
4. Where feasible, CPIPG will provide impact report using the metrics recommended under the Harmonised Framework for Impact Reporting, namely:

Project category	Impact Reporting Metrics
Green buildings	• Level of certification by property • Annual GHG emissions reduced/avoided ($t\ CO_2$ eq pa) • Annual energy savings (MWh pa) • Annual reduction in water consumption (in m^3)
Energy Efficiency	• Annual GHG emissions reduced/avoided ($t\ CO_2$ eq pa) • Annual energy savings (MWh pa) • % annual energy efficiency gain relative to an established baseline
Renewable energy	• Renewable energy capacity added/ rehabilitated (MWh pa) • Annual GHG emissions reduced/avoided ($t\ CO_2$ eq pa) • Annual energy savings (MWh pa) • % annual energy efficiency gain relative to building energy performance base line defined for particular type in region
Environmentally sustainable management of living natural resources & land use	• Amount of land covered by open space (ha and %) • Estimated land area with biodiversity management (in hectares) • Quality enhancement of soil and/or land and/or water through management practices associated with land use specific projects

External review

CPIPG has engaged Sustainalytics to provide an External Review in the form of a Second Party Opinion on the Green Bond Framework and any subsequent revisions, and to confirm alignment with the Green Bond Principles 2021.

CPIPG's Green Bond reporting which is included in the Group's Annual Management Report is also subject to External Review by Sustainalytics, which is published on CPIPG's website.

The External Reviews will be made publicly available on CPIPG's website.

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