

# ESG at CPI Property Group

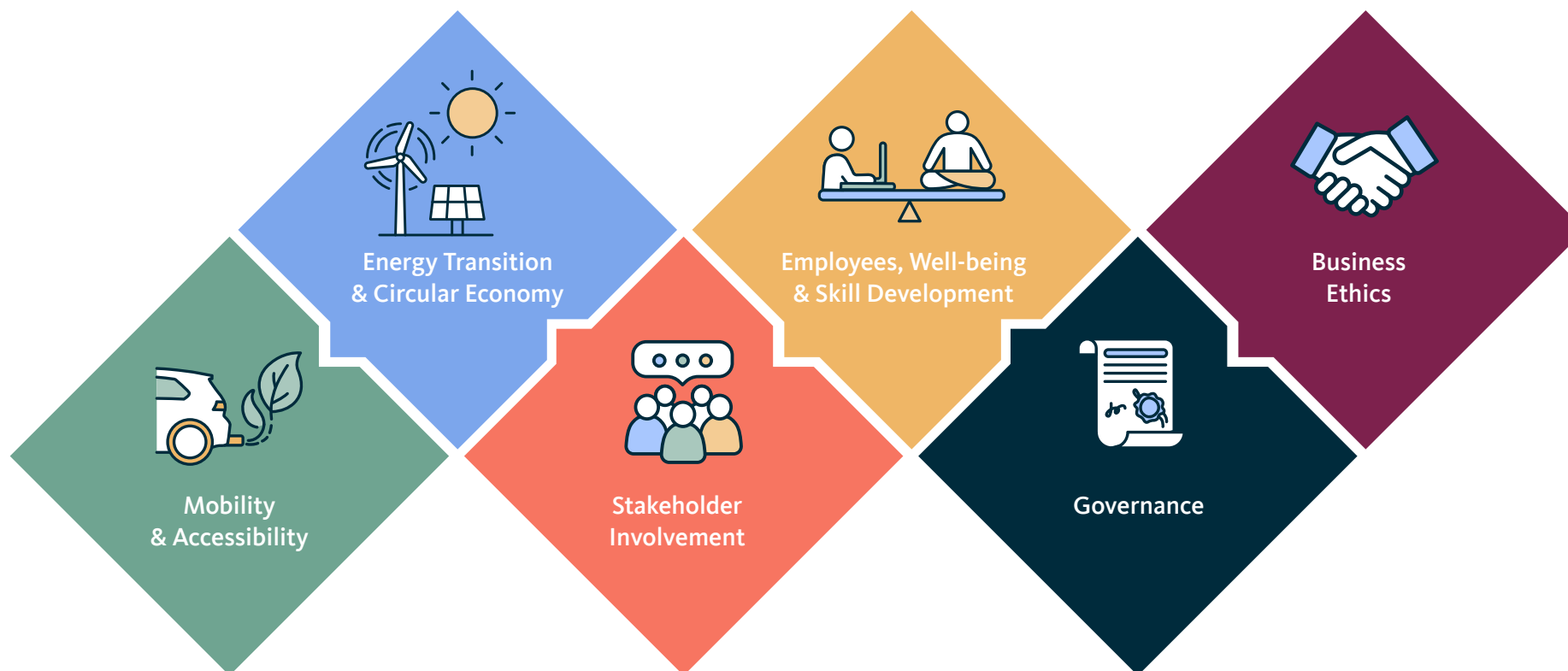


# CPIPG is dedicated to high sustainability standards

**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 has over 4,500 employees and fosters an inclusive and diverse culture. In a 2023 survey, **98% 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'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.



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 155% in 2022** with plans for further expansion in the future. We have set a target to replace our corporate vehicle fleet in the CR with plug-in hybrids by 2024.

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 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 ESG journey



*CPIPG issues Sustainable Finance Framework  
CPIPG issues first Sustainability-Linked Bond*

**2022**

*CPIPG joins the Polish Green Building Council*

**2021**

*CPIPG reports on climate change in CDP for the first time  
Energy Management System implementation starts  
Partnership with CI2, a regional partner of CDP*

**2020**

*Board of Directors establishes a separate CSR Committee  
Increased Board and Board committee independence*

**2019**

*Environmental partnership with UCEEB  
First ESG rating from Sustainalytics*

**2018**

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

**2017–2018**

*CPIPG issues a debut Sustainability-linked Loan €100 m*

**2023**

*Environmental targets validated by SBTi  
Certification of Energy Management System, ISO 50001*

**2022**

*CPIPG revises its environmental strategy  
Environmental Targets submitted for validation by SBTi*

**2021**

*CPIPG joins New Green Deal Declaration  
CPIPG issues three more green bonds: £350 m, €750 m, HUF 30 bn*

**2020**

*CPIPG issues debut green bond €750 m  
CPIPG joins the Czech Green Building Council  
New CSR policies*

**2019**

*Appointment of a group sustainability officer  
Sustainability agenda / target-setting commences*

**2018**

*Establishes EMTN programme  
CPIPG becomes an established issuer on international debt capital markets*

**2017–2018**



# Strong ESG ratings



*“The company is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure and **strong management of material ESG issues**”*

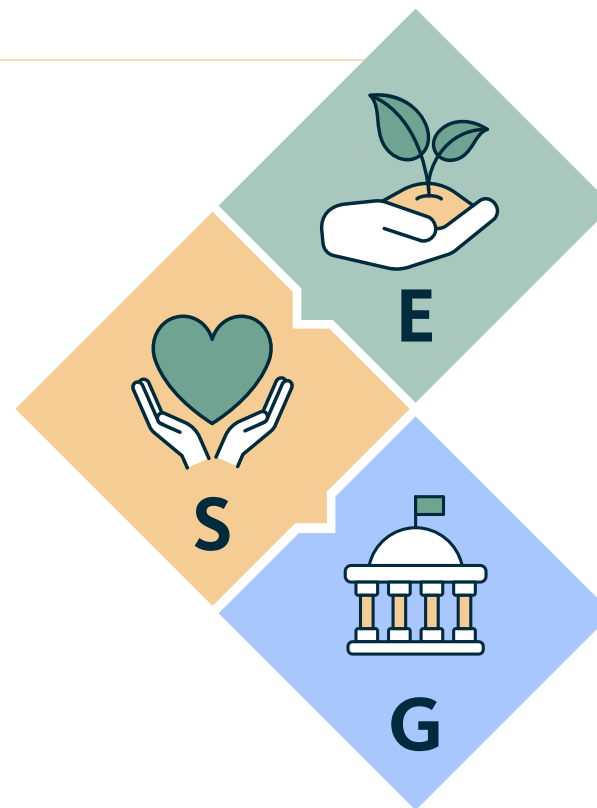
**Low Risk: 12.6 / 100 (March 2023)**

**from 15.2 / 100 (September 2020)**

**Top 18% in diversified real estate**

In 2023, Sustainalytics improved CPIPG’s ESG rating to 12.6 / 100 from 15.2 / 100, placing CPIPG in the **top 18% of the real estate industry and top 6% of the global universe of over 15,300 rated issuers.**

**MSCI ESG rating improved to “BBB”** as of February 2023. The upgrade stems from increasing share of green certified buildings in the portfolio.



**Management level B  
(December 2022)**

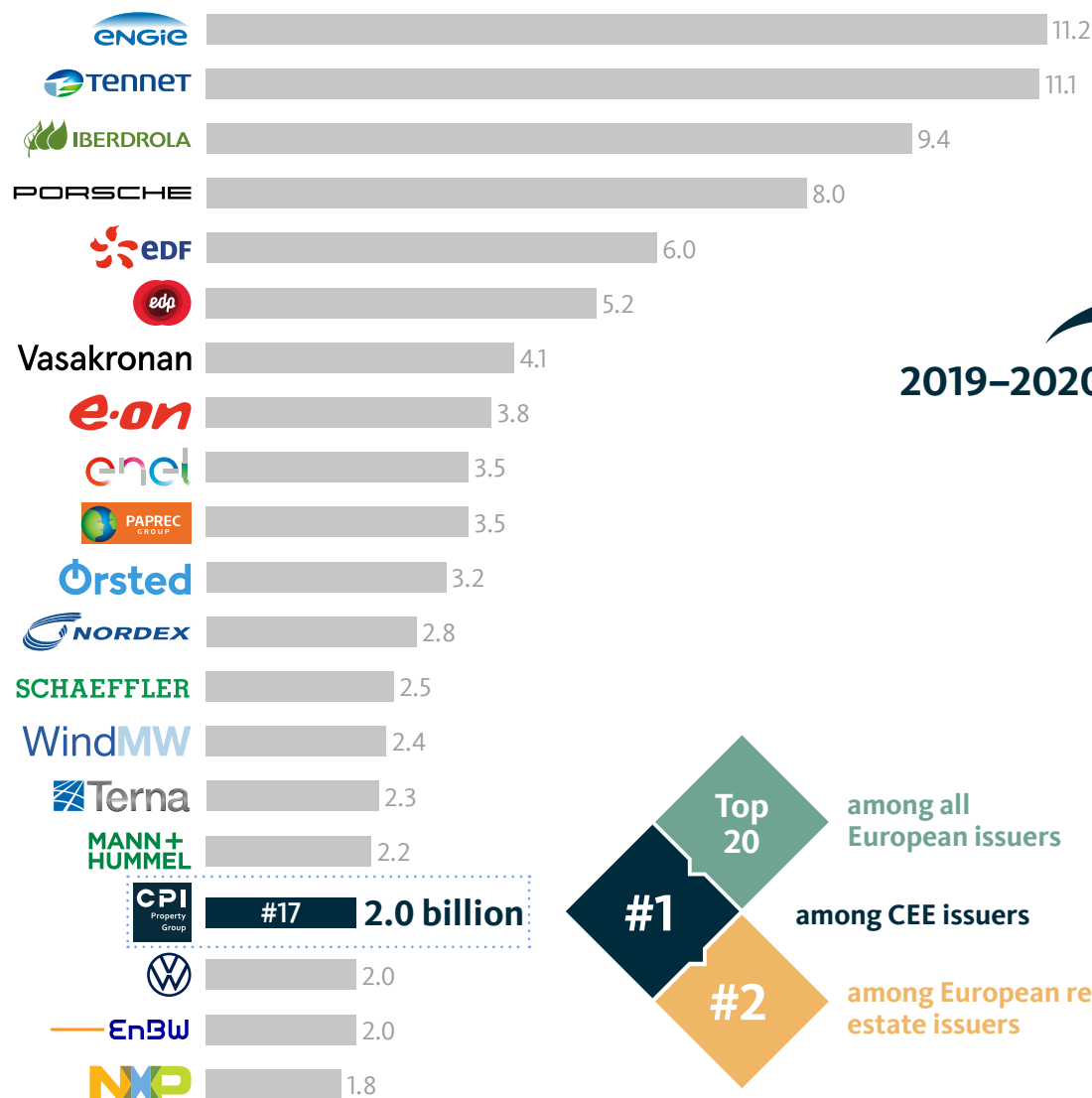
**Management level B-  
(December 2021)**

**Awareness level C  
(December 2020)**

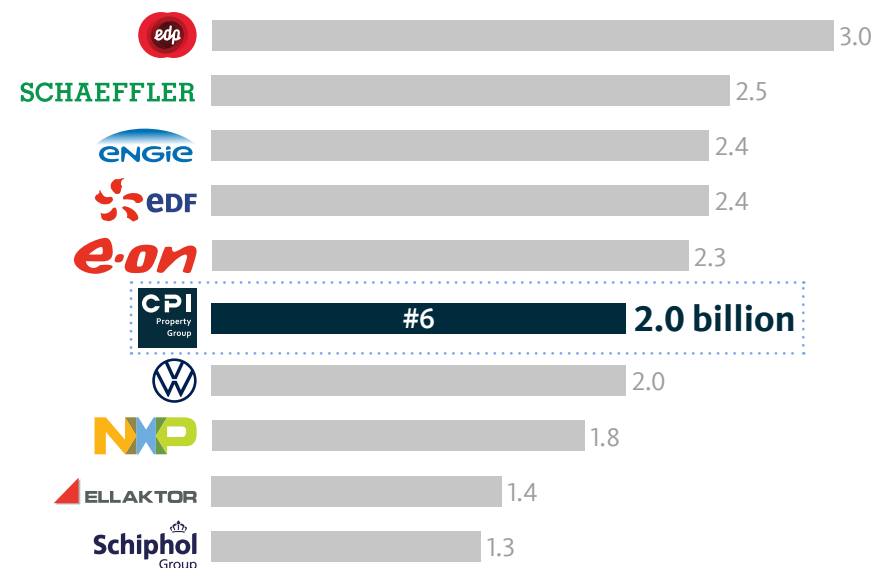
# Part of a small group of multi-currency issuers

## Strong position among European corporate green bond issuers

Ranking by volume issued (€ billion)



2019–2020

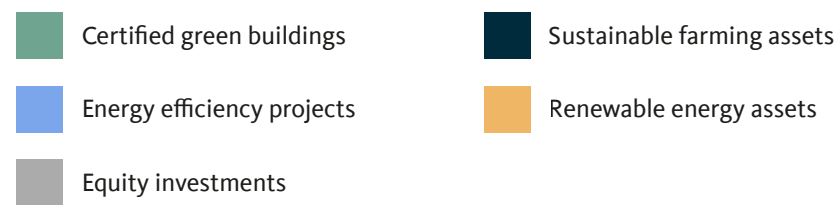
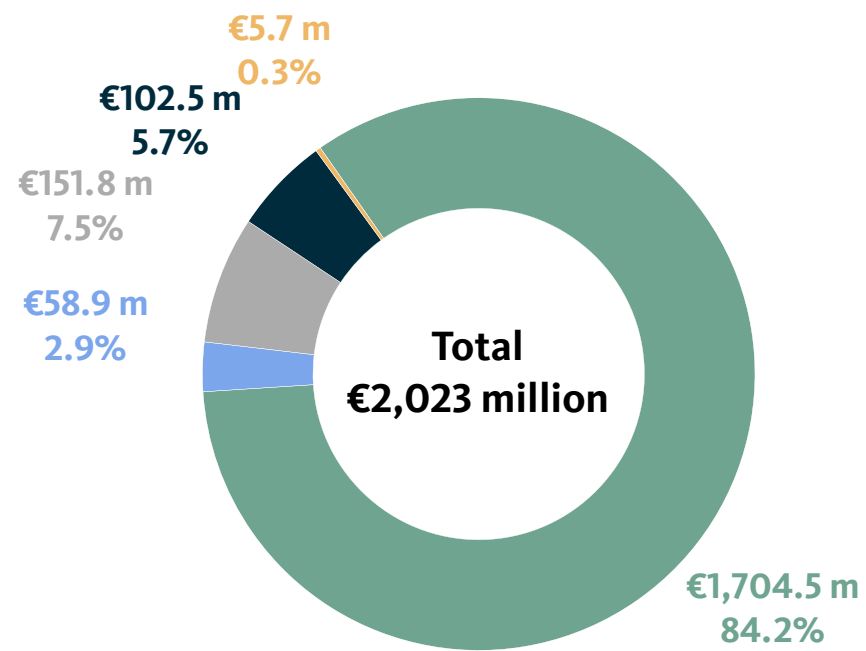


## Part of a small group of multi-currency issuers

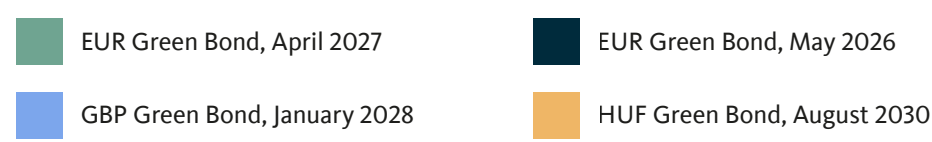
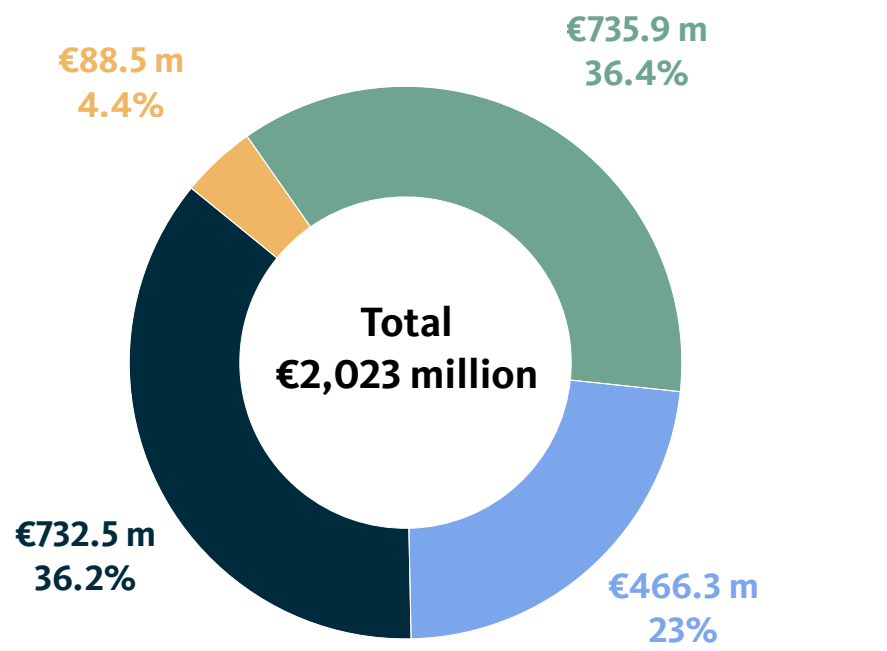


# Green Bond allocation as at December 2022

Split by eligible assets categories

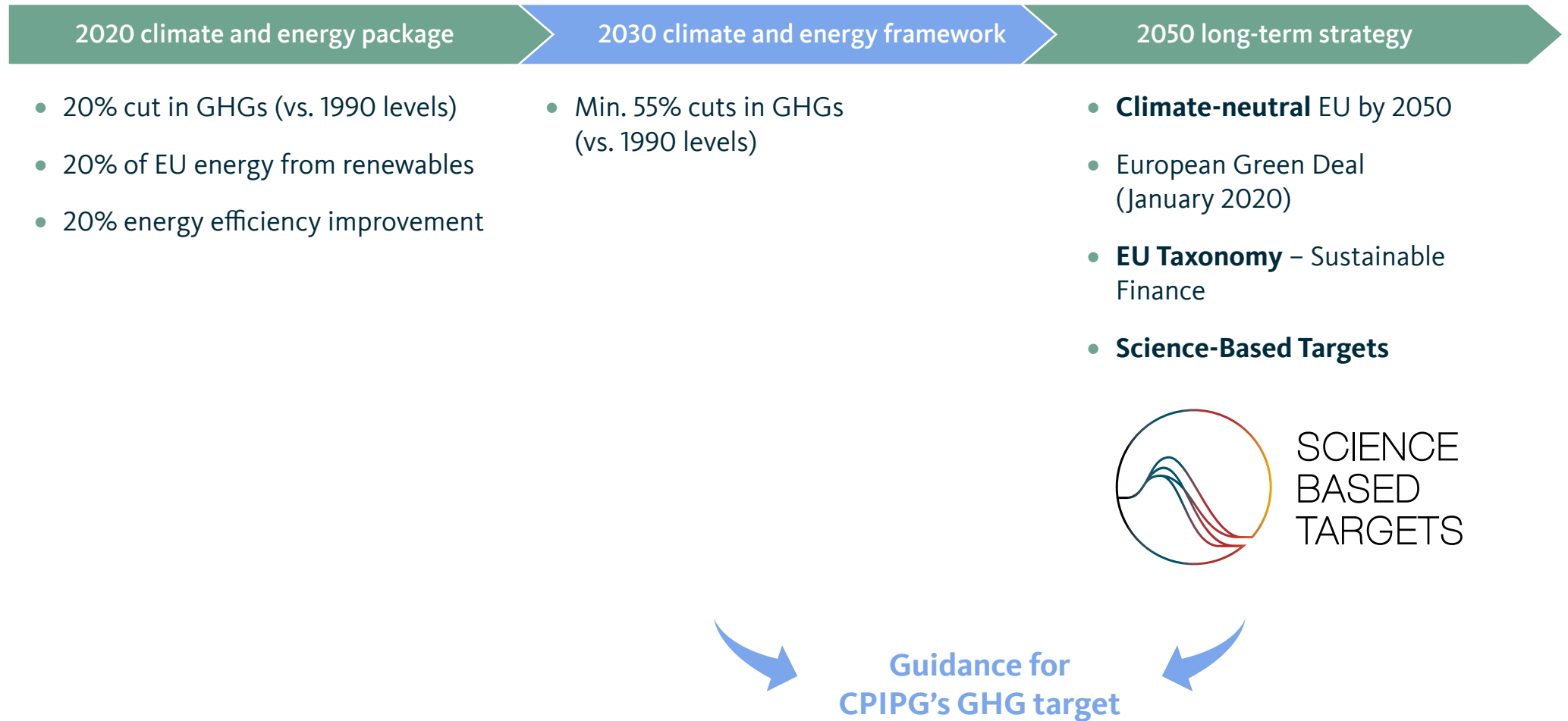


Split by issuance



# Climate change targets are becoming more ambitious

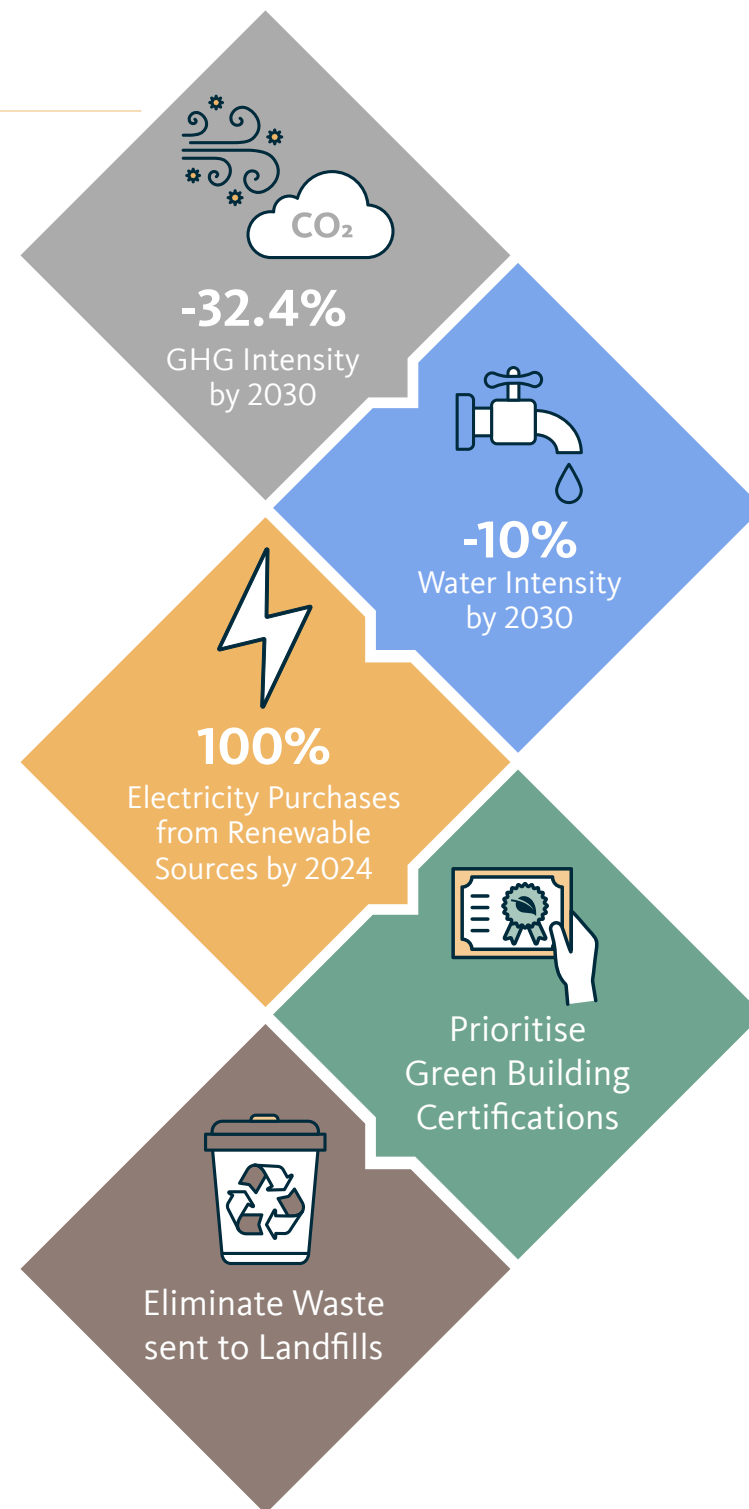
## Industry / regulation-led tightening of environmental targets



# CPIPG's environmental commitment

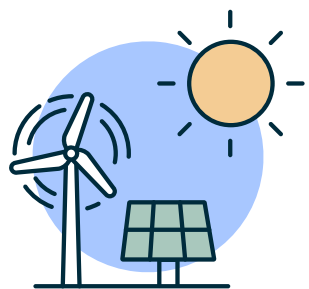


- CPIPG tightened its environmental targets for the future – in August 2022, the Group announced its commitment to **reduce greenhouse gas (“GHG”) emissions intensity by 32.4% by 2030 across all emissions scopes 1-3** (up from the previous target of 20% set in 2019 and 30% set in 2021) and also to;
- **Transition all electricity purchased** by the Group to **100% renewable sources by 2024.**
- **Intensity is calculated** as total GHG emissions (t CO<sub>2</sub>e) divided by GLA of property portfolio (m<sup>2</sup>)





# Measures to tackle climate change



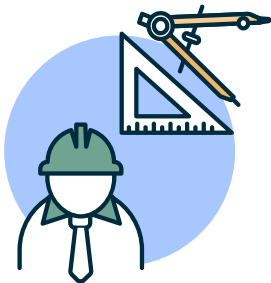
Switching electricity from fossil fuel to renewable sources

Operating efficiency improvements



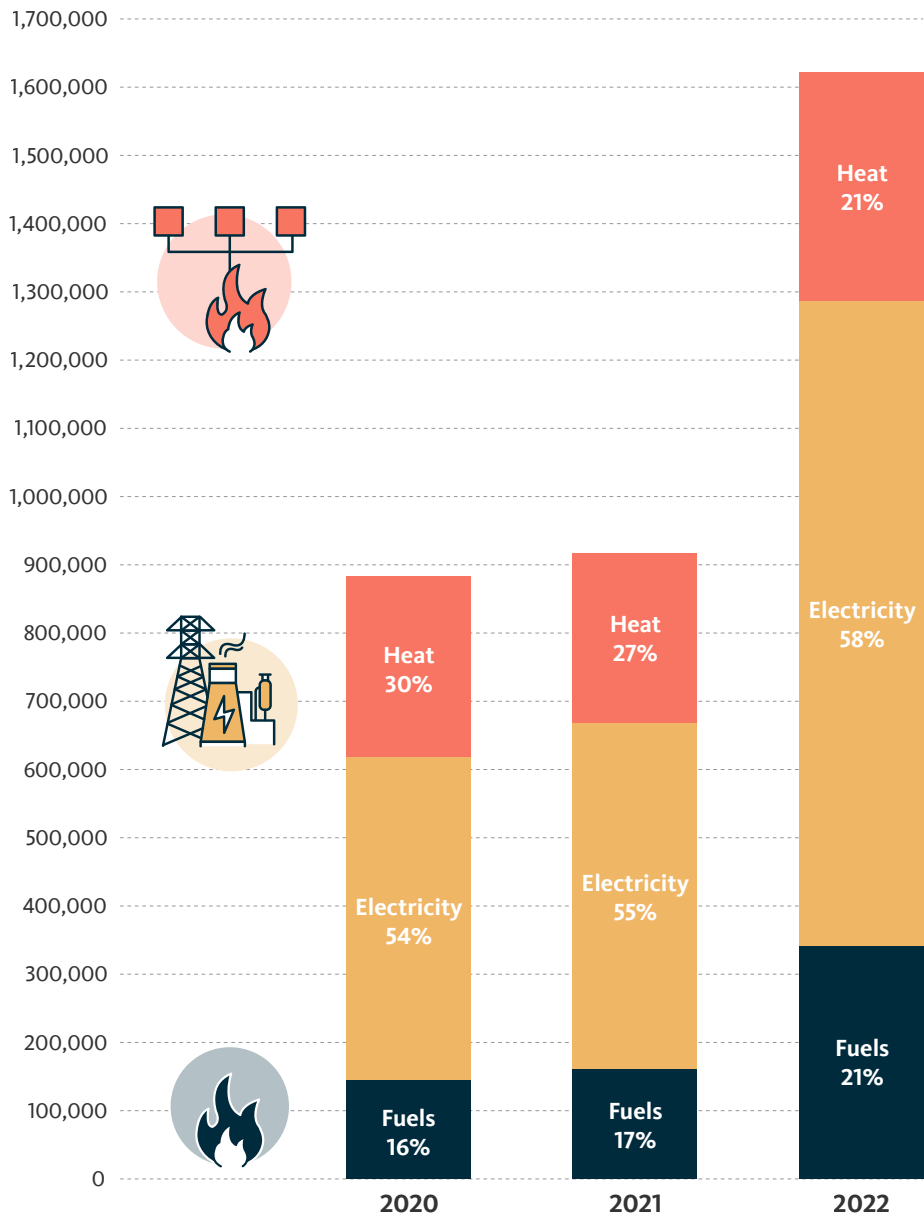
Tenant involvement and cooperation

Energy efficient CAPEX



New developments complying with net zero energy buildings regulations

CPIPG energy mix of buildings in use

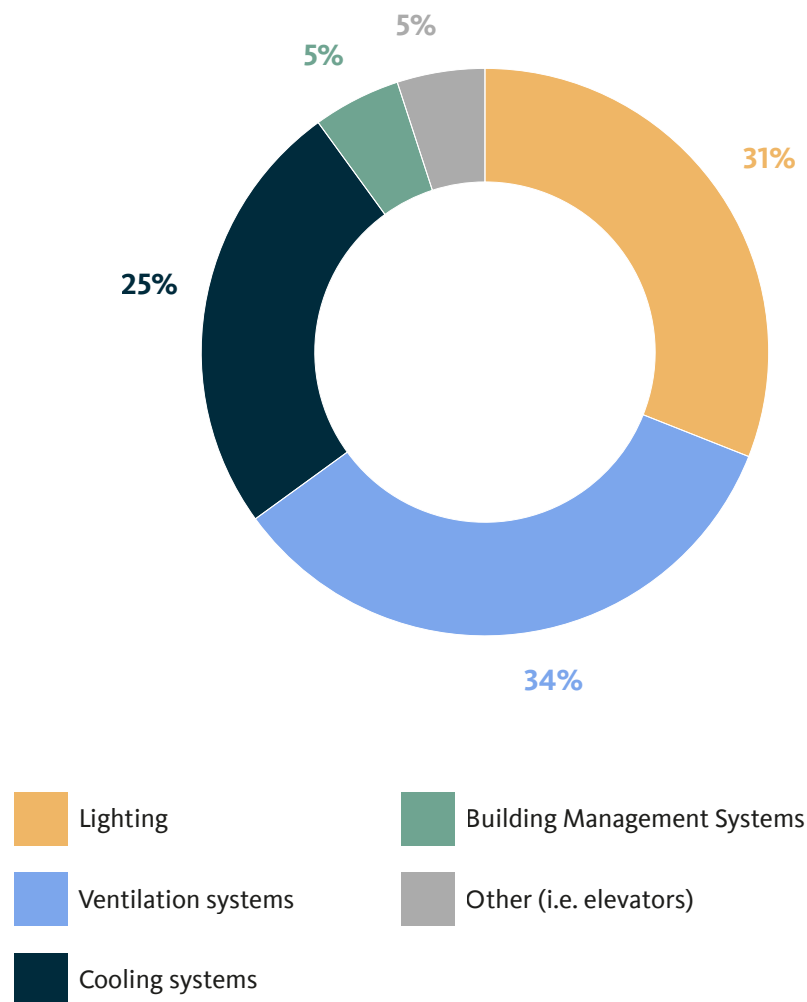


# Green CapEx and predicted energy savings

## Green CapEx 2022

Region	Investment Grand Total (€ m)	Investment Green (€ m)	Green CapEx (%)
Czech Republic	78.9	9.0	11.4
Germany	40.5	1.1	2.7
Hungary	20.9	2.3	11.0
Poland	25.0	1.2	4.7

## Predicted energy savings in the Czech portfolio based on technology investments in 2022



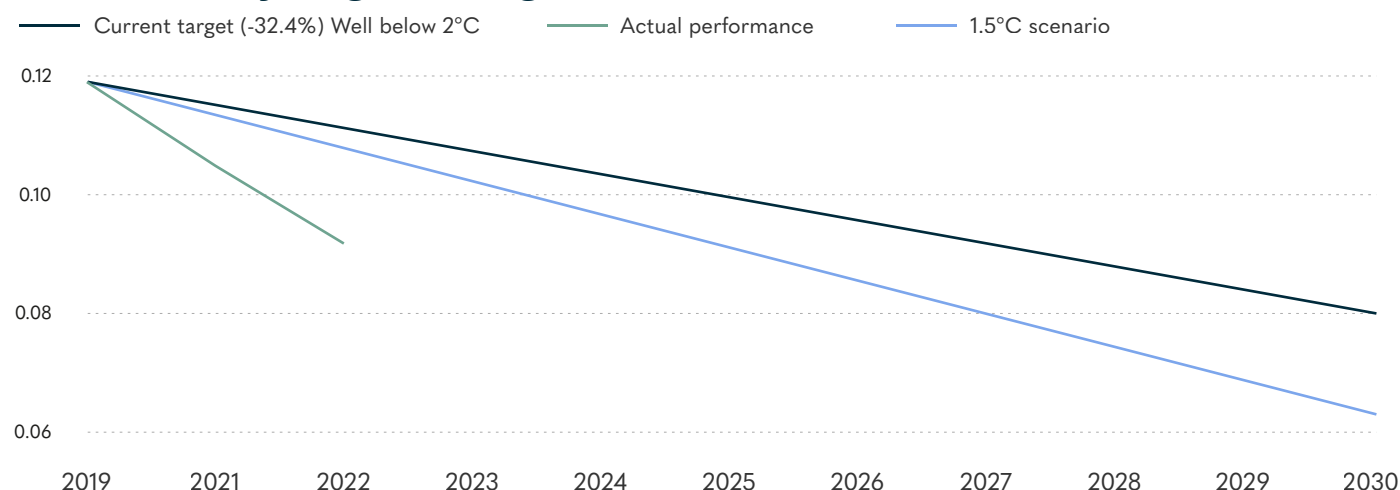
# Environmental Reporting – GHG Intensity Target met in 2022

## 2022 GHG impact (division of GHG according to GHG Protocol)

Scope	Property portfolio (including bioenergy)	Ski resorts	Farm	Others	Total	Total in %
t CO <sub>2</sub> e/pa						
1	47,019	1,238	2,380		50,638	6.6%
2	107,803	39	670		108,512	14.2%
3	436,221	1,013	39,908	128,551	605,694	79.2%
3.01 – Purchased goods and services	665	2	28,307	24,720		
3.02 – Capital goods				36,256		
3.03 – Fuel and energy related activities	334,206	380	966	1,488		
3.04 – Upstream transportation & distribution				1,291		
3.05 – Waste generated in operations	60,369	632	10,635	637		
3.06 – Business travel				812		
3.07 – Employee commuting				2,362		
3.08 – Upstream leased assets	16,094					
3.11 – Use of sold products				1,317		
3.13 – Downstream leased assets	24,021					
3.14 – Franchises	866					
3.15 – Investments				59,667		
<b>Total</b>					<b>764,843</b>	<b>100%</b>

Note: GHG calculated with market-based emission factors

## GHG intensity target through 2030 (t CO<sub>2</sub>e/m<sup>2</sup> p.a.)



## Third-party independent verification

This report is prepared in cooperation with and through advisory services provided by the University Centre for Energy Efficient Buildings (“UCEEB”) of the Czech Technical University in Prague (“CTU”).



CI3, a regional partner for CDP reporting, acts as a third party and monitors, reviews, and independently validates the Group’s GHG disclosures and methodology used.

As the result of this cooperation, CPIPG’s GHG footprint was verified, confirmed according to the procedures defined in the ISO 14064 and GHG Protocol and awarded CI2 conformity certificate.



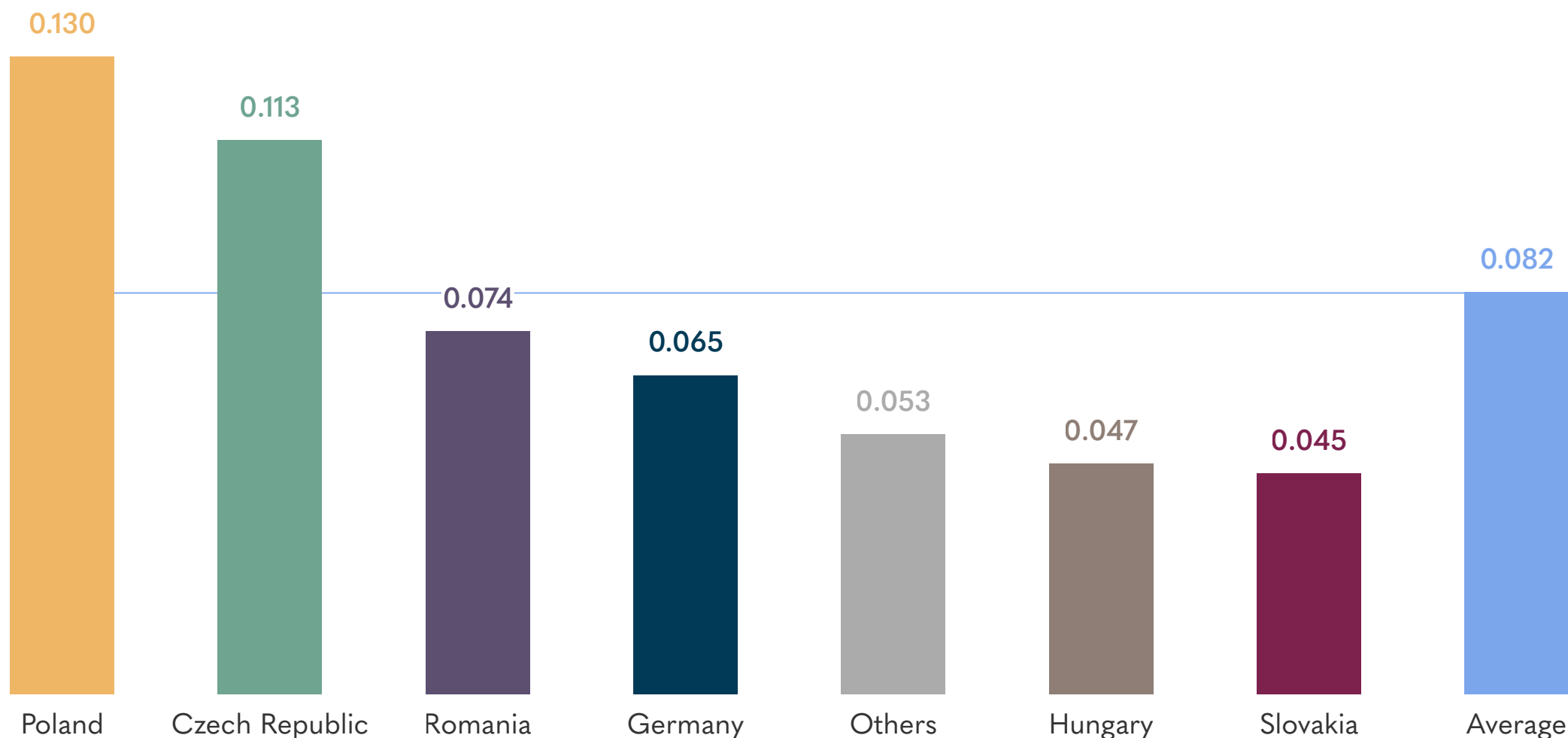
Year	2019	2020	2021	2022	2030
	1	2	3	4	12
Target (t CO <sub>2</sub> eq/m <sup>2</sup> )	0.119	0.115	0.112	0.108	0.080
Actual performance (t CO <sub>2</sub> eq /m <sup>2</sup> pa)	0.119		0.105	0.092	
Performance vs. target (%)	0.0%		(6.0%)	(15.2%)	

The intensity target relates to the Group’s property portfolio, excluding Farms and Ski resorts. It also reflects the expanded scope of emissions categories included in our reporting for 2020 and 2021 (categories 3.1, 3.2, 3.6, and 3.7). The only category of scope 3 which is not included in the intensity calculation is 3.15 – Investments where we have limited control of operation. The intensity is measured as total GHG emissions divided by referenced GLA of the property portfolio, including the biogas power plant. 2019 was recalculated at the beginning of 2023 due to YoY change of GLA.

**In 2022, total GHG intensity across the property portfolio outperformed the required 2022 target by 15.2%.**

# GHG Emission intensity by geography

2022 GHG emissions intensity across the Group's portfolio (t CO<sub>2</sub> p.a.)

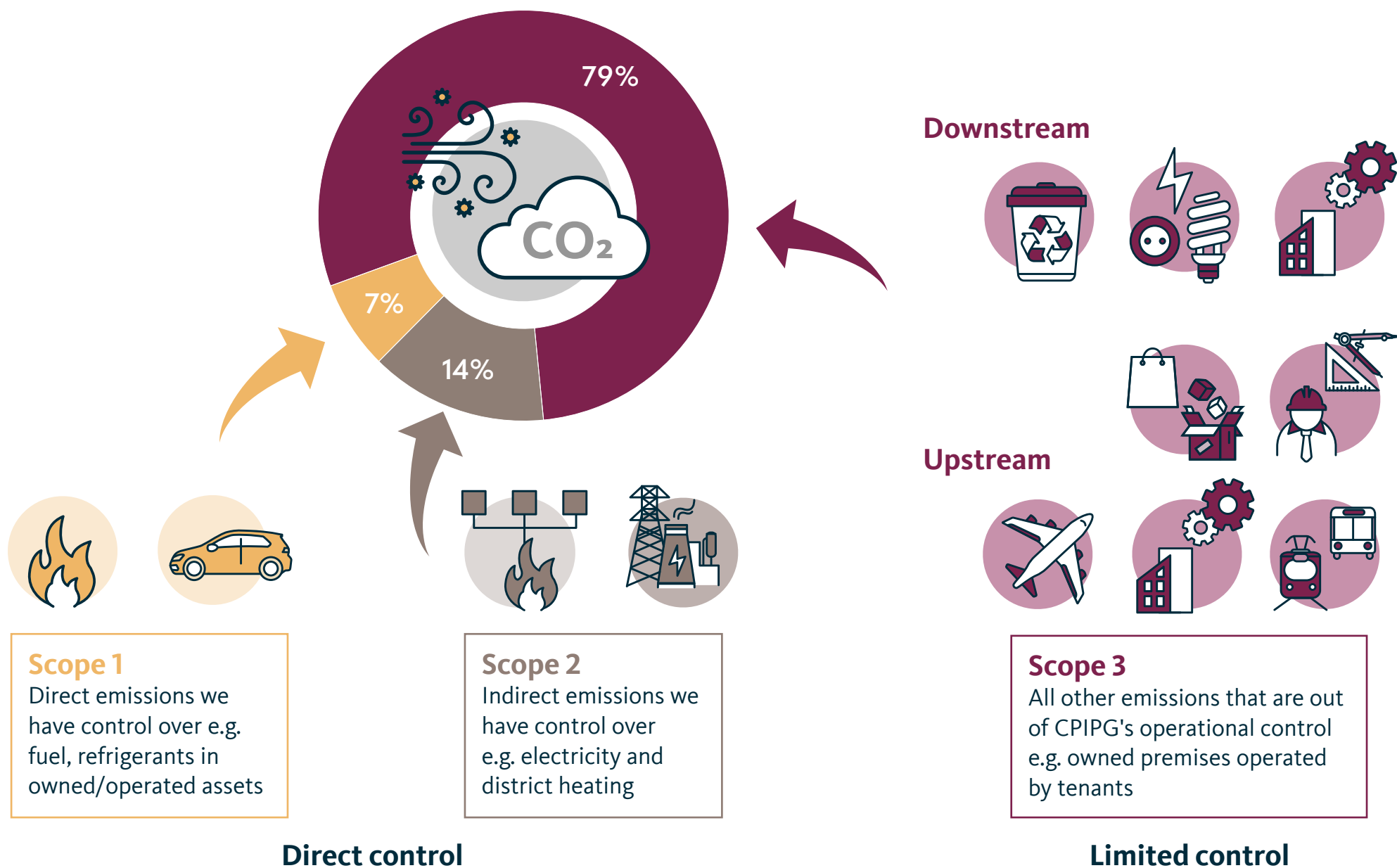


The green energy purchase is prioritised in countries with the high emission factors, such as Poland, followed by Romania, Hungary, the Czech Republic and Germany. Electricity from renewable sources is utilised by Guarantees of Origin (GoO). GoO are prioritised from countries of high emission factors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

*Note: GHG calculated with market-based emission factors*

# GHG emissions across scopes

2022 GHG footprints are categorised into three different scopes: 1, 2, and 3





# Greenbond framework and second-party opinion

- Framework includes eligible categories:
  - Green buildings
  - Energy efficiency project
  - Renewable energy
  - Sustainable management of living natural resources and land use

**7 AFFORDABLE AND CLEAN ENERGY**



**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**



- Second-Party Opinion



- Bond Issuance



## Second-Party Opinion CPI Property Group Green Bond Framework



### Evaluation Summary

Sustainalytics is of the opinion that the CPI Property Group Green Bond Framework aligns with the four core components of the ICMA Green Bond Principles 2018. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy and Environmentally Sustainable Management of Living Natural Resources and Land Use – are aligned with those recognized by the Green Bond Principles 2018. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 12.



**PROJECT EVALUATION / SELECTION** CPI Property Group's internal process for evaluating and selecting projects is in line with market practice. The Group has established the Corporate Responsibility Committee (the "CSR committee") which has oversight for the eligible green project selection process. The initial evaluation and selection process is carried out by the company's Green Bond Team, who conducts the initial screen on potential projects. After the Green Bond Team has determined that a project is eligible, the Committee conducts a final review before submitting to the Board of Directors for approval.



**MANAGEMENT OF PROCEEDS** CPI Property Group's process for the management of proceeds is in line with market practice. The Group intends to fully allocate the proceeds at issuance. The Group will establish a Green Financing Register, which will include all details on the bond and keep track of all project expenditures, the amount of allocation and any unallocated proceeds. The Register will be reviewed annually by the Green Bond Team to determine if there is a need for any re-allocation, repayments or drawings on the eligible projects and expenditures in the pool.



**REPORTING** In their annual report, CPI Property Group will report on the allocation of proceeds and relevant impact metrics. The report will include a portfolio level breakdown by eligible categories for the allocation of the net proceeds of its green bond(s) and give additional details including a list of eligible projects and the remaining balance of unallocated proceeds. Additionally, the company will include a report on relevant impact metrics recommended under the Harmonized Framework for Impact Reporting. CPI Property Group's allocation and impact reporting are in line with market practice.

<b>Evaluation date</b>	July 2, 2020
<b>Issuer Location</b>	Luxembourg City, Luxembourg

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# EU Taxonomy – Eligibility, Alignment 2022

By using the **EU Taxonomy Compass** CPIPG has determined the following activities eligible for taxonomy:

- 4.1 – Electricity generation using solar photovoltaic technology
- 4.8 – Electricity generation from bioenergy
- 7.7 – Acquisition and ownership of buildings

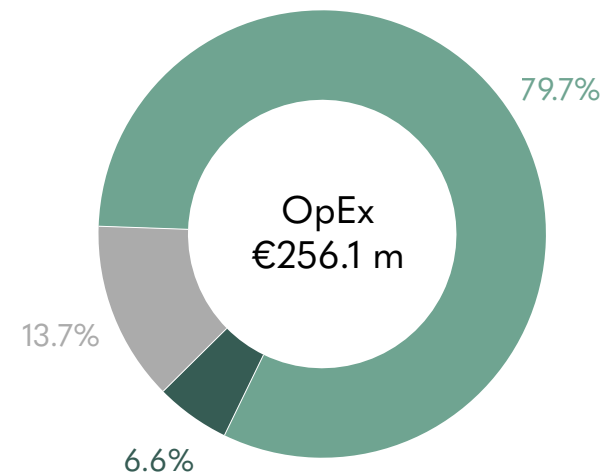
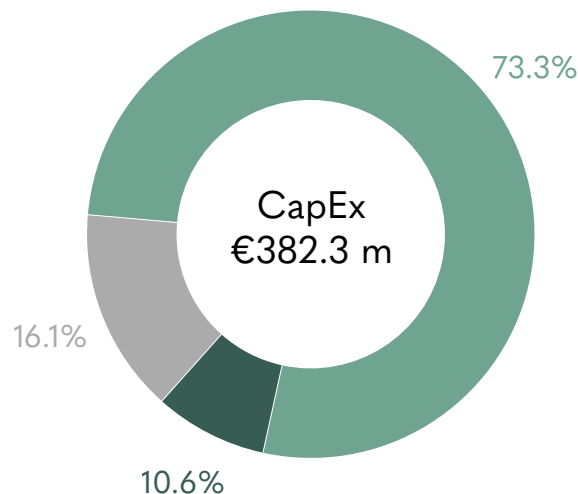
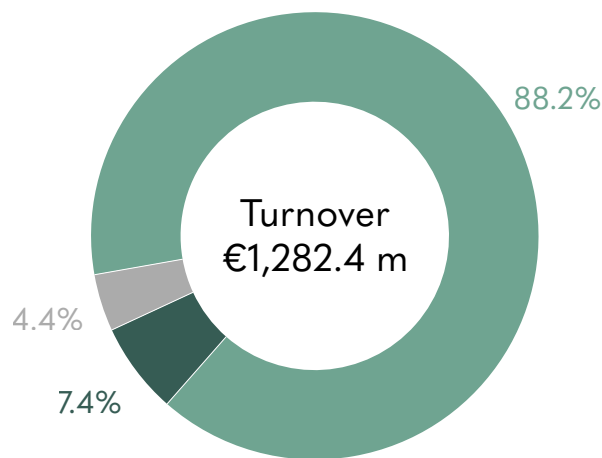
As of December 2022 the Group has 33 EU Taxonomy aligned assets

- **A Class buildings (EPC)**

- Aligned Turnover – 7.4%
- Aligned CapEx – 10.6%
- Aligned OpEx – 6.6%

## 2022 KPIs

Eligible non-aligned    Eligible aligned    Non-eligible





A high-angle photograph of a city rooftop. The foreground shows a gravel-covered roof section on the left and a large array of solar panels on the right. In the background, a river flows through a cityscape with various buildings under a clear blue sky with a bright sun in the upper right corner.

*Any enquiries regarding this presentation can be sent to:*

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