



# Sustainability: In Focus

2023

# Contents

Introduction	2
Climate Change Mitigation and Environmental Protection	3
Energy and Carbon Emissions	3
<i>Spotlight:</i> GCP employee commuting	5
<i>Spotlight:</i> Energy Performance Certificates	5
Circular Economy and Waste Metrics	6
Climate Change Adaptation and Resilience	7
Tenant Wellbeing and Community Engagement	8
Stakeholder Engagement	8
Community Engagement	8
<i>Spotlight:</i> Tenant satisfaction survey	9
Employment and Skills	10
Employee Health & Wellbeing	10
Payments and benefits	10
<i>Spotlight:</i> Activate the Base event	11
<i>Spotlight:</i> Employee survey	12
Diversity, Equity and Inclusion	13
<i>Spotlight:</i> Diversity Committee	13
Sustainability Governance	14
Human Rights and Ethics	15
ESG Risk Management	16
<i>Spotlight:</i> Board Members' Skills Matrix	17
<i>Spotlight:</i> Approach to taxation statement	17
<i>Spotlight:</i> Approach to risk management statement	18

## › INTRODUCTION

In 2023, we saw the introduction of a new piece of EU sustainability reporting legislation, and some changes to current regulations which relate to the real estate sector and therefore impact our ESG Strategy. These changes and the new legislation are reflected in our consolidated annual report, and throughout our In Focus report. We also continue to implement and integrate our ESG Strategy into our day-to-day business operations and for the first time produced a consolidated report which shows our financial reporting and progress alongside our ESG reporting and progress.

The Corporate Sustainability Reporting Directive (CSRD) is a piece of EU legislation developed by the European Commission aiming to enhance transparency, accountability and standardization in sustainability reporting. 2023 marked a transitional year for our reporting as we worked towards our first year of compliance with this directive with our 2024 reporting. We prepared the sustainability report within our [Annual Consolidated Report](#) in line with the recommendations of the European Sustainability Reporting Standards (ESRS) where possible, which detail the reporting requirements of the CSRD. Our sustainability report also includes EU Taxonomy disclosures published in compliance with the EU Taxonomy, Regulation (EU) 2020/852 of the European Parliament.

In addition to the newly introduced reporting legislation, the Energy Performance of Buildings Directive (EPBD) is a key element in the European Union's pursuit of its energy and climate goals. Key revisions to the EPBD include accelerating building renovations, especially those with poor energy performance, promoting better air quality and digitalization, and facilitating sustainable mobility infrastructure. It also supports targeted financing for building investments, addresses energy poverty, and aligns with the EU's ambitious climate goals, aiming for substantial emission reductions by 2030 and climate neutrality by 2050. GCP has placed emphasis on adhering to the EU's climate commitments outlined in the revised EPBD, and our ESG Strategy will support us in this process.

We have made great progress during 2023 across the key focus areas within our ESG Strategy including the integration of our energy and carbon reduction strategies into our business model, collecting and analysing employee commuting data to help us understand the carbon footprint associated with our employees, and continuing to conduct our Activate the Base employee engagement program, to name a few. As part of our energy and carbon strategy integration, we have placed focus on retrofitting existing buildings to help minimize our

environmental impact. We have also made plans for 2024 to conduct asset-level physical climate risk assessments so we can implement tailored solutions over time. Our priorities in 2023 remained aligned with the key focus areas of our ESG Strategy, including tenant satisfaction, health and safety, and active engagement in local communities. We see investing in the professional development of our employees as essential to achieving the goal of becoming one of the most attractive employers in the industry by 2030, and we have a dedicated Diversity Committee which oversees our commitment to diversity, equity and inclusion. Throughout this In Focus report we offer deeper insights into these focus areas, spotlighting specific projects and case studies.



# › CLIMATE CHANGE MITIGATION AND ENVIRONMENTAL PROTECTION

*Our strategy encompasses a blend of efficiency improvement initiatives, investments in renewable energy, stakeholder engagement, and rigorous governance and reporting mechanisms. These efforts are aimed at monitoring progress and upholding accountability. GCP's Environmental Policy sets out our management framework for continued improvement across the Company's main environmental impacts, including water use and waste management. In the area of energy, key objectives include renewable energy procurement and progressive upgrading of energy systems during maintenance works. 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.*

## Energy and Carbon Emissions

Our practical approach to energy and carbon reduction is integrated into our business model and strategy and focuses on refurbishing existing building stock to minimise environmental impact. Key aspects include:

- 1. Refurbishment-First Approach:** Prioritising renovating existing buildings over new construction to minimise energy consumption, construction waste, and environmental impact.
- 2. Long-Term Targets and Goals:** Targeting a 40% reduction in CO2 intensity and a 20% reduction in energy intensity by 2030, along with transitioning to certified renewable electricity through PPAs by 2027.
- 3. Carbon Reduction Strategy:** Developing a comprehensive environmental and energy policy to guide efficiency and renewable energy projects, including a CO2 pathway to monitor progress and identify improvement measures.
- 4. Investments in Renewable Energy Infrastructure:** Focusing investments on solar PV systems, efficient energy generating systems like CHP, electricity storage, EV charging stations, and smart meters to optimise energy consumption.
- 5. Renewable Power Purchasing Agreements:** Aiming to switch all electricity to renewable sources by 2027, reducing carbon emissions from purchased electricity.
- 6. Internal Carbon Pricing:** Utilising an internal carbon pricing mechanism to assess the benefits of emissions reduction actions.
- 7. Governance and Reporting:** Overseeing climate-related risks and regularly reviewing and updating environmental and energy policies, with reporting on energy consumption, emissions, and progress towards reduction targets.
- 8. Utilities Data Reporting and Monitoring:** Reporting utilities data based on absolute consumption. GHG emissions are documented utilising market-based conversion factors provided by utility providers and location-based conversion factors provided by respective authorities for our countries of operation.

Our energy and carbon reduction strategy revolves around our Carbon Reduction Pathway, aimed at decreasing the carbon intensity of our portfolio. This pathway factors in potential carbon taxes and energy efficiency measures to pinpoint less efficient assets for action, helping us reduce the stranding risk of the portfolio. The Company is taking the Carbon Risk Real Estate Monitor (CRREM) methodology into consideration and informing itself with results of the CRREM analyses conducted. However, methodological issues with CRREM such as overly general asset-type pathways and requiring tenant electricity data, for which there are data protection limitations in the EU have limited CRREM's practical usability for the Company. In light of this, GCP has transitioned to prioritising stranding definitions guided by Energy Performance Certificates (EPCs) and the European Union's climate commitments outlined in the Energy Performance of Buildings Directive (EPBD) recast. Despite remaining uncertainty as national-level implementation of the EPBD commences, this approach offers clearer direction for the Company to identify inefficient assets for enhancement, as well as a stronger asset-level renovation planning process.

Engaging with tenants is crucial, with a focus on awareness campaigns. These include sharing information videos and posters with our tenants on how they can change their behaviour to reduce energy consumption. We were also happy to transfer most of our communication with tenants to the German postal service's, Deutsche Post GoGreen Plus, which has reduced CO<sub>2</sub> emissions through various inseting measures, such as electric vehicle usage for postal delivery and installation of heat pumps at the postal service's own buildings. GCP's GoGreen Plus certificate shows that the Company was able to save 5.3 tons of CO<sub>2</sub> emissions in 2023, so 95% less than without the inseting measures offered by GoGreen Plus.

The carbon reduction pathway prioritises inefficient assets for interventions to safeguard or enhance our value, aligning with market standards. To diminish reliance on fossil fuels, we aim to procure 100% of landlord-obtained electricity through PPAs and install more onsite renewable energy systems. Investments in energy efficiency also reduce energy costs, mitigating price variations. In 2023, we saw a 13% decrease in like-for-like landlord-obtained electricity consumption compared to 2022. Energy and Operations Departments continue to monitor available technologies to prioritise investments in proven and cost-effective solutions, aligning with our new environmental policy.

*In 2023, a series of workshops were held with relevant teams to promote the implementation of sustainability measures throughout the portfolio. One segment of workshops involved property managers to discuss the current and emerging regulatory framework surrounding environmental reporting and energy efficiency both at the European and national level. Key concepts were introduced and discussed such as emissions accounting of both operational building emissions as well as "grey" emissions from building construction and maintenance; carbon taxes; and projected increases in fossil fuel prices over the coming decades. Best practices were discussed covering how EPCs have emerged as the primary assessment tool for a building's environmental performance in the EU providing a useful guide for energy audits and renovation planning; the CRREM methodology and its usefulness for assessing alignment with Paris Agreement targets; renovation measure development and technology selection focusing on energy and carbon efficiency improvements. Sessions culminated in a case study where participants considered the current environmental performance of an asset, which measures are available on the moment and how to evaluate them in terms of their costs and benefits both in terms of economic and environmental efficiency for the company and tenants alike.*

## > GCP employee commuting

In response to changing work patterns and a societal shift towards hybrid working between the office and home, we have taken steps to calculate our Scope 3 corporate emissions relating to employee commuting and teleworking. We have approached these calculations following the technical guidance of the GHG Protocol for Category 7 emissions: employee commuting.

Our employee commuting calculation was done on the basis of the average-data method, with consideration given to the proportion of office working over the reporting period. The time spent as a proportion of office working was a product of known employee requests for home working over the year. This proportion was used to reflect reduced journeys for office commuting. Data for German transport trends<sup>1</sup> was used to create the average-data calculations. Our teleworking calculations were performed based on average domestic German energy use and home office appliances, extrapolated using the home office hours worked over the reporting period. Therefore only our German workforce was considered in our calculations. The addition of home office working was accounted for by applying an intensity factor, using the estimated floor area of a home working space with the entirety of the home. As can be seen in the table below, our Scope 3 emissions related to teleworking declined by around 5% in comparison with 2022. These lower emissions are associated with a lower number of employees and a decrease in home office/ teleworking days.

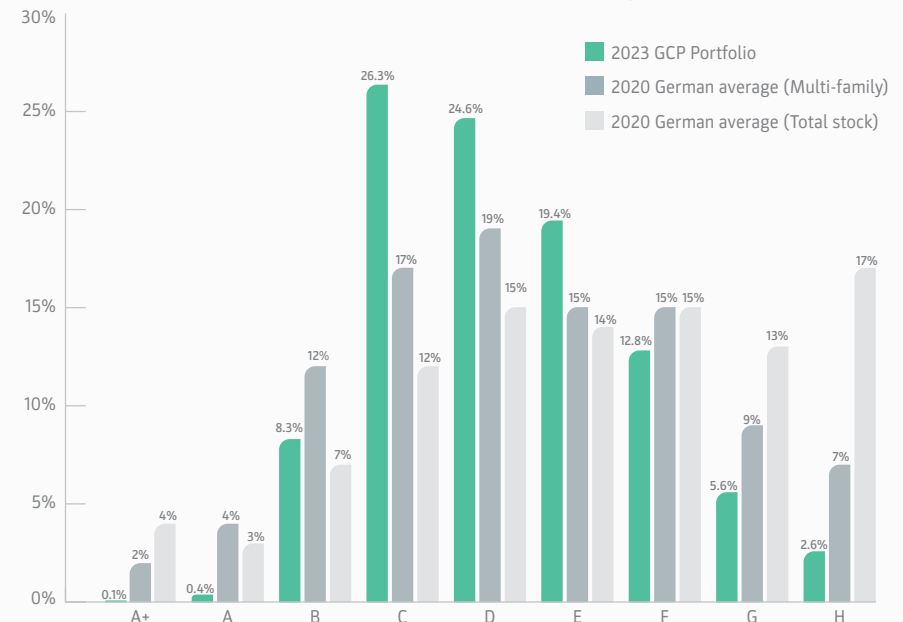
Employee Commute GCP Group	2023	2022
GHG emissions reported in tonnes CO <sub>2</sub> e		
On foot	0	0
Bicycle	0	0
Private Motorised Transport	254	255
Public Transport	68	67
Total employee commuting	322	321
Teleworking Emissions	556	583 <sup>2</sup>

1. Studie "Mobilität in Deutschland" (2017) – Bundesministerium für Digitales und Verkehr
2. Emission factors have been updated to align with those of the portfolio emissions report

## > Energy Performance Certificates

Energy Performance Certificates (EPCs) are required for most buildings when they are sold or leased and provide an objective measure of the energy performance of a property for prospective buyers or tenants. Under the German system, EPCs must be prepared by a certified third party and are valid for a period of 10 years. EPCs are either calculated based on estimated energy demand due to a building construction (Bedarfsausweis) or actual energy use (Verbrauchsausweis) which is adjusted for climate factors and vacancy rates at the time of certification. The table below shows the EPC distribution of the Company's German residential portfolio based on floor area. As the Company aligns its energy and carbon reduction strategy with emerging EU energy performance requirements set out in the EPBD recast, EPCs are utilised as the primary criteria for identifying inefficient assets to prioritise for improvement measures. While Germany and EU members have yet to set out their EPBD-aligned reduction pathway based on EPCs for residential and non-residential buildings alike, this approach already allows for more targeted energy audit and renovation planning process relying on real, asset-specific data.

EPC distribution of GCP's German residential portfolio



Source: German Government (BMWK): Langfristige Renovierungsstrategie der Bundesregierung, 2020

## Circular Economy

The European Union recognises that construction and demolition waste accounts for more than one third of all waste generated in the EU. GCP also acknowledges that it can make a major contribution to the environment by minimising waste generation and contributing to a circular economy in general. Our focus is on implementing sustainable resource management practices to minimise waste generation and conserve water resources.

To set quantitative targets for waste reduction and improved recycling rates, we are first gathering an accurate baseline of data across our assets. We have initiated an agreement for waste disposal with an established provider to streamline reporting capabilities and enhance control over the process. Waste at GCP originates mainly from construction and renovation projects, but also from the operation of assets and tenant waste. While we have yet to formalise a specific circular economy policy, our overarching goal is to reduce overall waste production at our properties and increase the proportion of recycled or reused materials within the circular economy framework.

### Metrics: Circular Economy

For information regarding data preparation, the overall approach for waste data was the same as that outlined in the [Grand City Properties Consolidated Annual Report](#) for the year ending 31 December 2023 found on pages 100-102. Regarding particularities for waste data, it is important to note that in Germany, where the majority of the Group portfolio is located, much of the waste collection services are provided by local municipalities, which report waste collection in various formats. The data reported here is from those service providers whose invoices allow for direct calculation of waste collected in volume (m<sup>3</sup>), although invoices do not contain information on disposal method for non-recycled waste. To align with best practices in non-financial reporting, conversion factors are applied to convert volume data (m<sup>3</sup>) into mass data (tonnes). This, however, causes deviation in the relative share of recycled versus non-recycled waste in the two sets of figures due to conversion factors being specific to each type of waste bin, for example glass is a denser material compared to the materials typically found in general non-recycled waste bins. In terms of performance, like-for-like waste generation in volume [m<sup>3</sup>] decreased 8% in 2023 compared to 2022.

Total weight of waste by disposal route, and absolute and like-for-like waste generation for managed assets					
Waste reported in tonnes and m <sup>3</sup>		2023		2022	
EPRA Code	Metric	Abs	LfL	Abs	LfL
tonnes					
Waste-Abs	Landlord-managed waste recycled (including tenant waste)	1,000	1,000	3,191	1,545
	Total landlord-managed waste non-recycled (including tenant waste)	12,574	12,566	5,384	12,606
Waste-LfL	Total landlord-managed waste generated (including tenant waste)	13,574	13,566	8,575	14,151
	m <sup>3</sup>				
Waste-Abs	Landlord-managed waste recycled (including tenant waste)	16,746	16,746	27,613	26,210
	Total landlord-managed waste non-recycled (including tenant waste)	92,211	92,148	53,837	92,446
Waste-LfL	Total landlord-managed waste generated (including tenant waste)	108,957	108,894	81,450	118,656
	Additional information				
Waste-Abs	Proportion of landlord-managed waste generation data that is estimated (including tenant waste) [%]	0%	0%	0%	0%
Waste-LfL	Total waste generation data coverage, by area [m <sup>2</sup> ]	428,359	426,513	1,099,517	426,513

## › CLIMATE CHANGE ADAPTATION AND RESILIENCE

*To adequately address increasing risk associated with climate change GCP is primarily focused in 2024 on completing an asset-level physical risk assessment of its portfolio in 2024. This analysis will be the basis for the implementation of asset-tailored adaptation solutions over the coming years, taking into account innovative climate change adaptation technologies.*

Our **Building Resilience Taskforce**, an inter-departmental platform for the discussion and collaboration on climate risks, commenced a physical climate risk assessment programme in 2022, which continued through 2023. The city-level physical risk assessment across our strategic locations covered eight physical risks and four warming scenarios, as defined by the Intergovernmental Panel for Climate Change (IPCC). While this was an informative and important first step, we aspire to extend this assessment to the asset level in 2024 for a more detailed understanding of risks and the development of customised adaptation solutions tailored to our individual buildings. In order to accomplish this goal, we have selected a leading international service provider. This will enable the development of tailored adaptation solutions for individual assets, enriching our overall resilience strategy.

The Building Resilience Taskforce developed adaptation solutions, prioritising them based on their significance and feasibility. Four key adaptation programs emerged: a tree planting initiative, flood analysis and planning, a tenant guidebook for extreme conditions, and refurbishments. These solutions, aim to bolster asset resilience and our goal is to implement them over the next four years. In 2023, we implemented a guidebook for our tenants, as well as conducted an analysis of flood risks across most of our portfolio in Germany. As GCP's climate risk assessment evolves to become more asset-specific, adaptation solutions will be adjusted and tailored to the needs of our buildings. Our risk management efforts prioritise the implementation of adaptation solutions, overseen by the **Risk and ESG Committees**, implemented by the **Operations Department**, and reported to Management.

In order to empower Building Resilience Task Force members to improve climate adaptation planning moving forward, a focused workshop was held with key members to inform them of how the physical risks of climate change can impact the real estate sector, providing an overview of regulatory and reporting trends while diving into the adaptation planning process at the asset level. Specifically, reporting frameworks on physical climate-related risks were covered, discussing how the leading TCFD framework has been integrated into other reporting standards. Systematic physical risk assessment procedures were outlined from initial exposure screening, through asset-level vulnerability assessments to produce overall risk analyses, followed by adaptation planning at the fund and asset levels. The workshop concluded with case studies of portfolio assets, going through the information needed to conduct the assessments and the relative costs and benefits of different adaptation measures. This was intended to enhance Company's starting position as our physical risk assessment approach transitions to an asset-level data provider.





# › TENANT WELLBEING AND COMMUNITY ENGAGEMENT

*We aim to continually maintain the highest levels of tenant satisfaction, as well as health and safety standards. We take our role and responsibility in local communities seriously, partnering with local stakeholders to foster neighbourliness and connection while meeting the needs of our communities. Our Community Involvement and Development Policy details our commitment to positively impacting local communities and improving tenant and stakeholder well-being. This policy outlines reporting, responsibility, and planning requirements for active community relationship management, emphasising activities to address local needs.*

## Stakeholder Engagement

Stakeholder Engagement involves interactions with various groups that have a stake or interest in GCP's activities, including employees, tenants, local communities and municipalities, business partners, investors and suppliers. A key way in which we engage with our stakeholders is through our company policies, such as our Human Rights Policy and Employee and Business Partner Codes of Conduct, which lay out GCP's values and standards, as well as subsequent expectations of stakeholders' behaviour. Our internal policies are complemented by company training sessions covering topics such as human rights and compliance. Furthermore, our whistle-blowing system allows internal as well as external stakeholders to raise matters of concern with GCP, such as potential human rights or general compliance violations.

Our main method of interaction with our tenants, however, is through GCP's Service Centre. This aims to provide efficient and effective services to our tenants' concerns relating directly to our assets. The Service Centre has been certified with TÜV Nord for Proven Service Quality and ISO 9001:2015 for Quality Management which demonstrates our emphasis on high-quality services and our commitment to maintenance and continual improvement. Notably, the German business magazine, *Focus Money*, rated the GCP Service Centre as Fairest Customer Service in 2023. Additionally, surveys issued to tenants reflect our dedication to monitoring and improving

stakeholder satisfaction across various aspects of service delivery- we use this feedback to inform improvement measures. The second major point of contact is through the company-developed GCP tenant App which further digitalises, and improves processes, thereby positively impacting tenant engagement. It has been highly accepted by tenants which is reflected by a 9% increase in tenants reaching out through the app, chat or email in 2023 compared to 2022.

## Community Engagement

Community Engagement focuses on interactions with the broader community in which we operate, including tenants, local governments, and community organisations. GCP's Community Involvement and Development Policy guides efforts towards tenant engagement, with initiatives such as seasonal festivals and digital campaigns which encourage engagement and participation. We demonstrate our commitment to community well-being through activities like urban gardening projects and events based on seasonal occasions, as well as facilities such as playgrounds, fitness trails and BBQ areas. Our three-tier assistance from Asset Managers at a regional level, Property Managers for ongoing customer care and Facility Managers for day-to-day technical support and maintenance, delivers excellent customer service and contributes to our active engagement with our tenants and the community.

The GCP Foundation donates funds to community projects, including those supporting youth, the elderly, education, poverty relief, and national and vocational training. In autumn 2023, its focus expanded to include disaster relief and assistance for individuals facing discrimination. The Foundation is run by a Committee of GCP managers and overseen by the Foundation Board, and all employees are encouraged to propose projects for consideration. Each department and all employees are empowered to propose projects in their region, and the Committee ensures that funding focuses on the projects which will deliver the highest positive impact for our local communities and their residents. In 2023, the Foundation donated €127 thousand to charitable causes, including support for a women's advice centre in Kiel and lebensnah e.V.'s to develop a new individualised German sign language course and an urban gardening project. Additionally, we provided in-kind support equivalent to €52 thousand in unexploited rental income by offering reduced rent. Some additional examples are free access to housing or commercial space and a cooperation with a local non-profit who provide childcare and educational assistance in our properties. We also sponsor local sports clubs such as FC Azadi-Bochum, VfB Frohnhausen Essen, ASC Dortmund and the volleyball team TV Hörde Dortmund, recognising their role in community development.

## › Tenant satisfaction survey

Ensuring the satisfaction of our tenants is vital for our long-term success. Consequently, we consistently strive to maintain the highest levels of tenant satisfaction by developing high-quality, appealing properties, and fostering supportive, affordable communities. The GCP Tenant Satisfaction Policy encompasses strategies throughout the tenant lifecycle, including pre-contract stages, to monitor and enhance tenant satisfaction. Property Managers and Regional Directors diligently collaborate to align property management practices with tenant requirements.

The GCP Service Centre delivers crucial 24/7 assistance to tenants with multilingual support for varying needs and facilitating direct coordination with service providers during emergencies outside of regular working hours. We are dedicated to upholding exceptional service quality, evident through certifications and ongoing enhancements. Our GCP Service Centre strives to minimise call waiting times and aims to answer 95% of calls within 20 seconds. The Service Centre was recertified by TÜV Nord in March 2023 for Proven Service Quality, and for Quality Management (DIN EN ISO 9001:2015). To minimise call waiting times and improve efficiency, the Service Centre also introduced a voice bot in 2023. Plans are underway to deepen automation integration with the CRM system in 2024, aiming to streamline tenant inquiries and services.

After resolving a request or inquiry through the Service Centre, the relevant tenant receives a survey to evaluate GCP's performance. This survey assesses aspects such as friendliness, accessibility, quality of service, and timeliness of issue resolution. In 2023, 92% of all tenants, both respondents and non-respondents, were surveyed. Of those who provided feedback, 87% of satisfied tenants are content with a satisfaction score of 4 or higher. GCP received ratings of 4.75 out of 5 for accessibility, 4.83 out of 5 for staff service, and 4.5 or higher in all other categories (for more details see table). Our objective is to continually enhance our performance across all areas, maintaining a minimum score of 4.5 in each aspect, and ensuring that 95% of calls are answered within 20 seconds.

The GCP Tenant App serves as a second major point of contact, offering both prospective and current tenants access to a variety of digital services. These include tools for apartment searching, service and maintenance requests, a loyalty rewards program,

digital energy consumption data, and engagement activities like an online advent calendar. Compared to 2022, there has been a 9% increase in tenant interactions via the GCP App, a 7% rise through chat, and a 20% increase via email in 2023. Tenants can access exclusive benefits through the GCP loyalty rewards program, receiving shopping discounts for new tenants and earning loyalty points for existing tenants, which can be exchanged for vouchers or applied towards rent payments. Furthermore, to promote sustainable lifestyle choices and reduce environmental impact, tenants can now earn loyalty points for switching to a renewable electricity provider.

### Key Figures

Tenant Satisfaction	Unit	2023	2022	2021
Tenant rating of resolution time	Out of 5	4.54	4.78	4.75
Tenant rating of company friendliness		4.66	4.91	4.75
Tenant rating of the quality of the completed work		4.55	4.72	4.75
Tenant rating of service reachability		4.75	4.88	4.82
Tenant rating of service centre friendliness		4.83	4.9	4.83

## › EMPLOYMENT AND SKILLS

*We are continuously working towards fulfilling our long-term strategic goal of being one of the most attractive employers in the residential real estate sector by 2030. One important aspect of meeting our employees' and new talents' expectations as an employer, is by investing into their professional development.*

Training and development opportunities have become an important aspect of attracting new talent and retaining existing employees. In a continuously evolving work environment, fast moving industry trends and growing regulatory frameworks, it is also in GCP's interest to invest in the continued development of our employees' expertise, skills and growth. We therefore prioritise comprehensive training and development programs to equip employees with the necessary skills for career advancement. Training is tailored to individual needs and delivered through various methods, including in-person sessions, online webinars, and the **Contemporary Real Estate Academy (CREA)** portal. CREA enables a unified presentation of our mandatory training content and voluntary learning and development material, which is accessible to all staff across our business. In 2023, enhancements were made to improve communication on training opportunities and track progress effectively. Performance reviews are increasingly conducted digitally through our HR software, allowing for timely feedback to employees. Staff career paths with specific KPIs aim to provide transparency and structure regarding career opportunities, which will be effective from spring 2024. Plans are underway to relaunch the digital performance review tool in 2024, aiming for 60% adoption across the company's departments in Germany. This streamlined process ensures that our employees receive regular and personalised feedback, facilitating their professional growth and goal achievement.

At GCP, we prioritise adherence with international regulations such as the International Labor Organisation's Core Labor Standards, and the UN Guiding Principles on Business and Human Rights. Monitoring and measuring various workforce metrics ensures progress in areas such as employee satisfaction, health, safety, and equal opportunities. Long-term targets include being/remain among the top ten most attractive employers by 2030 with 2024 goals focusing on volunteering programs and career development initiatives. We believe that a positive work environment is fundamental, therefore we emphasise factors like career development, education, and diversity and inclusion.

Employee engagement is facilitated through annual surveys and HR roundtables, supported by our HR software for communication and feedback. The results guide strategies to enhance workplace satisfaction, with a notable 63% response rate from employee surveys in 2023. We are proud to be recognised as 'Most Wanted Start 2024' by the platform *Kununu*<sup>3</sup> and the German newspaper *Die Zeit* for our in-house apprenticeship programme. Collaboration with a work-life platform offers comprehensive employee support, including childcare and mental health programmes, aligning with the company's dedication to fostering a supportive work culture.

### Employee Health & Wellbeing

We ensure strict compliance with all workplace health and safety regulations at national and EU level. To effectively respond to health emergencies at our offices, we offer first aid training to our employees internally, across our Berlin and regional offices. 73 employees are certified first-aiders, representing about 9% of our employees.

To support the wellbeing of our employees, we offer a flexible package of benefits and working provisions, including eye examinations for employees who spend much of their time at the PC, with 4 examination days in 2023. Our target is to maintain the number of examination days in 2024. We also have a cooperation agreement with an optical retailer offering subsidised glasses to employees which has been in place since 2022.

Our company physician conducts site inspections to check occupational health and safety provisions, as well as periodic workstation ergonomics assessments. Health checks are also provided by the physician, with 4 examination days in 2023. Mental health appointments are available for all GCP employees with a mental wellbeing coach at our headquarters. We also ran 2 flu vaccination days in our offices during 2023, and intend to do so in 2024. Employees at our Berlin headquarters have access to our company gym with personalised training and nutrition programs offered by the trainers.

### Payments and benefits

We offer competitive remuneration and benefits to leverage employees' performance potential. Compensation is structured according to competencies and responsibilities, and is supplemented by target-linked performance incentives for certain departments and management. Our wider benefits package (beyond compulsory and non-compulsory pension plans) includes extended annual leave entitlements in line with length of service, birthday and anniversary gifts for all staff, retail discounts for all employees and free gym access for Berlin-based staff.

## > Activate the Base event

In late 2022, the GCP launched "Activate the Base", an employee engagement programme empowering employees to come up with ideas relevant for the company's ESG goals and oversee the projects' implementation whilst developing their skills and networks across the company. Organised as a digital learning journey with 12 weekly sessions from February to July 2023, the participants were guided by an external coaching company during half of the sessions. The coaches facilitated the participants' personal development through self-reflection and development of a joint vision for the team, whilst reflecting on the alignment with GCP's ESG mission.

The programme focused on fostering corporate values, promoting self-efficacy, and empowering employees to take responsibility for their initiatives in a chosen field of interest relating to ESG. By comparing their own personal values with those of the company's ESG vision, the programme was able to cultivate a shared vision and motivation to become active "from the base" with the willingness to make a difference for themselves, the company and society.

The programme concluded with an Action Vernissage event at our Berlin office in July 2023, with around 50 participants from across several offices, representing various Activate the Base-groups. Each group presented their ideas and action plans for implementation within our organisation.



Activate the Base event: Action Vernissage

### Fields of Action:

#### Environment



Resource Reduction (Energy Reduction, Meat Reduction, Water Consumption)



Biodiversity / Gardening



Re-using, Recycling, Materials

#### Social



Communication (Feedback Culture, Respect and Diversity, Appreciation and Value Culture)



Talent Development



Active engagement with neighbourhood quarters



Set-up an internal structure/process for the active engagement with our tenants



Community Engagement (i.e., participating in a volunteer day / social day).

*The Activate the Base programme saw the successful implementation of a number of group initiatives, one of which is mentioned in the DEI section below - the establishment of the Diversity Committee. We intend to run this programme again in 2024.*

## > Employee survey

We interact with our employees through various channels, primarily utilizing our annual employee engagement survey to gather direct feedback from all staff members. Oversight of this survey falls under the responsibility of our Head of HR, with results informing decisions and actions to address current and potential issues.

In 2023, our employee survey showed high engagement levels, with a 63% response rate across the Company. The results were benchmarked against other companies using the same survey, noting improvements in nearly all questionnaire topics since the 2022 survey. "Relationship with Colleagues" was identified as a consistent strength, while "Learning and Development" emerged as a priority area for enhancement. Other topics assessed are "Meaningfulness & Participation" as well as "Workload."

Based on this feedback, we identified key areas for improvement in our HR policies and developed a strategic action plan for 2023 and 2024. This plan includes additional employee surveys to facilitate ongoing feedback and communication such as specific employee surveys and a 180 degree feedback. In the area of "Strategy, Vision and Culture", GCP intends to provide more enhanced information regarding career advancement opportunities, and increase communication regarding the Company's overall strategy and vision, as well as promotion pathways available within our organisation. As for the "Learning and Development", plans are to implement a second round of the "Activate the Base" programme as well as expand further education and training opportunities.



## › DIVERSITY, EQUITY AND INCLUSION (DEI)

*As of 2023 a Diversity Committee comprising employee representatives from different organisational levels oversees our commitments to diversity, inclusion and anti-discrimination.*

GCP is an inherently diverse organisation; our employees represent 48 nationalities and women represent more than half of all our staff. We see this as a source of competitive advantage and purposefully seek to employ people from a variety of ethnicities, cultures, and backgrounds, to mirror the diversity of our tenants and enhance the quality of our service offer. The presence of diverse experiences, viewpoints and mindsets in our teams is vital to our success in delivering effective and innovative solutions to our business' challenges. We are therefore committed to fostering diversity, equity, and inclusion (DEI) within our workforce through various policies and initiatives. The Anti-Discrimination Policy encourages equal treatment and opportunities for all our employees, regardless of their race, gender, religion, disability, age, and sexual identity. Our ongoing objective remains to sustain zero incidents of discrimination in the long term. Diversity initiatives include talent development, recognition of life experience, and cultural support.

We are proud that 2023 saw the establishment of a Diversity Committee comprising representatives from different levels to oversee DEI commitments. A Chief Diversity Officer role was also created to reinforce this commitment and is currently held by our Head of HR. Facilities in certain offices are equipped for accessibility, although improvements for other disabilities are planned.

Besides our policies, our Employee Code of Conduct highlights ethical behaviour, including prohibitions on discrimination, bribery, conflict of interest, corruption and others. We reinforce these principles through targeted training programmes. These include in-person training sessions on intercultural communication and diversity as part of our welcome day onboarding and a compulsory compliance module on equal treatment laws and sexual harassment prevention at the workplace. Our participation in the German Diversity Charter further underlines our commitment. A horizontal organisational structure and transparent feedback culture also support these values.

Moreover, diversity metrics are monitored, showing representation across different gender and management levels. We also measure the gender pay gap. Our employees have the opportunity to report (anonymously) any discrimination through our Whistleblowing System. Every reported issue is taken seriously and investigated, followed by potential disciplinary action. Issues related to human rights, discrimination, and compliance are tracked.

### › Diversity Committee

Our Activate the Base programme in 2023 concluded with an Action Vernissage that saw the presentation of the groups' great project ideas to facilitate the company's ESG goals. One such initiative was the Diversity Committee. The Activate the Base group shared its joint vision of increasing employees' tolerance of differences and promoting inclusive behaviour. Embracing diversity, rather than uniformity, and seeing this as humanity's greatest strength, the group's objective was to raise awareness of diversity by fostering a sense of belonging among employees, establishing a framework to promote cultural safety and engaging and connecting individuals.

The initial action agreed upon by the group was the establishment of the Diversity Committee, consisting of 10-15 employees from all regions to ensure coverage across our locations and representatives willing to be proactive in implementing processes to sustain diversity awareness continuously. Through the work of the Diversity Committee, we have been able to launch our Diversity intranet page in May 2023, attracting a significant number of visitors, where various articles and materials on diversity were published. We have increased investment in diversity awareness – also through the distribution of giveaways such as our “Diversity is our Strength” magnets to employees – inclusion trainings, and surveys within the organisation. We are very proud of the group's achievements.



## › SUSTAINABILITY GOVERNANCE

*GCP prioritises corporate governance, overseen by the Board of Directors and management teams, leading to strong investor confidence and substantial fund placement by major global investment banks.*

GCP's governance structure emphasises responsibility for climate-related risks, integrating carbon emissions reduction targets into executive remuneration and therefore, integrates sustainability considerations at both board and management levels. The operational ESG strategy has been established and is managed by the Board of Directors, which has ultimate oversight of the overall ESG performance. With its independent Board of Directors, decisions are made impartially, free from conflict of interest to safeguard the company's best interests. The Board of Directors holds authority over all matters not explicitly reserved by the Luxembourg Companies Act or the company's articles of association for decision by the general meeting of shareholders. Their performance and adherence to corporate governance procedures undergo regular evaluations. With seven members, including independent and non-executive directors, decisions are made by a simple majority.

The Board of Directors established an ESG Committee to supervise the company's ESG processes and to review and assess the Group's contribution to sustainable development. The Sustainability Department, led by the Head of Sustainability, serves as a cross-departmental interface responsible for implementing and monitoring sustainability programs and initiatives. Reporting directly to the CEO and the Chairperson of the Board of Directors, the department supports materiality analysis, ESG reporting, and responds to investor and rating agency inquiries on ESG topics. It closely collaborates with the Energy Department to implement the technical aspects of the sustainability strategy. Constant information exchange among departments concerning ESG aspects ensures holistic implementation of sustainability measures.

In 2023, we underwent a transition in our reporting processes in preparation for compliance with the **Corporate Sustainability Reporting Directive (CSRD)**, which applies to our sustainability reporting as of 2024. To ensure the best possible alignment with the new requirements, GCP decided to start the transition process for the Company a year in advance. We view the CSRD as a gamechanger in the sustainability reporting landscape, and look forward to the changes and benefits that will derive from this directive as data will not only be standardised but also be

more available within the entire value chain. As a first step of our CSRD alignment process, we undertook a transitional Double Materiality Assessment in 2023 which identified the material sustainability topics we report on in our [Consolidated Annual Report](#).

This year we continued to report in alignment with **EPRA's sustainability Best Practice Recommendations (sBPR)** to ensure consistency of our reporting year on year. Furthermore, GCP is reporting its business activities under the **EU Taxonomy Regulation** which mandates large, listed companies to meet strict environmental criteria. We conducted assessments to determine our eligibility for EU Taxonomy alignment, focusing on activities related to climate change mitigation and adaptation. Our efforts included reviewing our activities, assessing turnover, capital expenditure (CapEx), and operating expenses (OpEx), and enhancing our data collection processes. We conducted training sessions to ensure our staff's understanding and compliance, and we revised our standard contracts to include EU Taxonomy requirements for our contractors. Our ongoing efforts involve optimising data collection through our Enterprise Resource Planning (ERP) system and providing continuous training for our departments and international offices. Our strategies for improvement involve considering EU Taxonomy criteria in our decision-making for renovations and new projects, prioritising alignment for larger CapEx projects, and improving data collection through collaboration with our suppliers. Our commitments and goals regarding workers in the value chain are of utmost importance. Therefore, our long-term targets include maintaining zero human rights violations and upholding high standard of business partner scrutiny. In 2024, goals involve distributing a new **Business Partner Questionnaire** and aligning with the new **German Supply Chain Act regulations**.

## › HUMAN RIGHTS AND ETHICS

Our commitment to **Human Rights and Ethics** is fundamental to our operations, as we strive to integrate these principles into our culture, policies, and operations to create a sustainable and responsible business environment. The Company has established a robust set of corporate policies, including the **Human Rights Policy, Business Partner Code of Conduct, Employee Code of Conduct, and Anti-Corruption Policy**, to ensure alignment with international standards and frameworks. Across all aspects of our organisation, from work-related rights to political engagement, we uphold high ethical standards and prioritise fairness and accountability. In 2023, this is reflected again by zero reportable incidents of discrimination or human rights violations.

Our compliance training programs cover various topics, including corruption and fair business practices, to ensure all employees are well-informed and equipped to uphold ethical standards. We regularly assess our alignment with national and international standards, particularly on human rights in the supply chain, which have been upping demands on due diligence processes. GCP has been implementing a six steps of Human Rights Due Diligence process (compliance with the minimum social safeguards of the EU Taxonomy), including embedding human rights considerations into our policies, conducting thorough assessments, taking proactive actions to address any adverse impacts, tracking implementation progress, communicating our approach publicly, and providing remediation where necessary. An important aspect of this process is the assessment of human rights risks in the supply chain. We categorise suppliers based on risk levels, taking into account their sector, region of business operation and contract volume, and conduct appropriate due diligence processes, ensuring compliance with our standards. Our whistle-blowing system allows for the reporting of any human rights violations, which are promptly investigated by our Compliance Department. Depending on the severity of the violation, actions may include warnings, fines, or the termination of business relationships, with authorities consulted if required.



Kiel graffiti project



## › ESG RISK MANAGEMENT

The **ESG, Audit, Risk, Remuneration, and Nomination Committees** support the Board, along with an Advisory Board. The Committees receive regular training on legal updates, regulatory, sector-specific knowledge, capital markets, and ESG matters. This proactive approach not only ensures sound knowledge of corporate governance among our Board members, but also serves to advance sustainability goals outlined by the United Nations, particularly through ESG initiatives.

The **Risk Committee** oversees physical and transitional climate risk assessments, aiming for a granular asset-level analysis in the long term. To enhance stakeholder engagement, the Company plans to develop a methodology in 2024 involving department heads and team leaders. This proactive approach demonstrates our commitment to addressing ESG risks and fostering cooperation across stakeholders to promote sustainability.

While the Company does not directly engage in lobbying activities or make donations to political parties, we recognise the pivotal role of trade associations in shaping policies and influencing societal actions and finds these to be appropriate forums for engaging with emerging climate policy in the EU. In selecting and renewing our memberships, we consider the extent to which an organisations' values and commitments resonate with our dedication to sustainability ambitions. We are members of the German Property Federation, Zentraler Immobilien Ausschuss (ZIA), the European Public Real Estate Association (EPRA), and the German Sustainable Building Council, Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB). As of the time of this publication, our internal review of the climate positions of these associations has found a high degree of alignment with our own policy positions. However, if misalignments are identified in the future the Group would first engage the relevant organisation to address the misalignment, and in the case of irreconcilable differences terminate its membership.

ZIA champions standards for energy efficiency and sustainability within the real estate sector that balance ambition with pragmatism when dealing with older building stocks such as those found in Germany, supporting the German Energy Saving Ordinance and the EU Energy Performance of Building Directive, advocating for the Climate Action Plan 2050, and promotes Germany's Energy transition to integrate renewable energy in buildings. ZIA also endorses smart technologies to optimise energy usage as well as supports fair carbon pricing to develop effective climate policies aimed at reducing emissions.

Similarly, EPRA supports the European Green Deal's aim for climate neutrality by 2050 by promoting building energy efficiency and integration of renewable energy to lower carbon emissions throughout a building's lifecycle. It advocates for the use of sustainable technologies like smart building solutions and support standardised reporting of carbon footprints and energy usage to ensure transparency and environmentally sound investments.

Meanwhile the DGNB develops internationally-recognised certification systems for sustainable buildings. Key focus areas for the DGNB are stressing decarbonisation throughout the building's lifecycle, promoting the use of renewable energies, and sustainable materials and retrofitting existing buildings to improve energy efficiency. DGNB certifications require comprehensive lifecycle assessments that evaluate environmental impacts from construction to demolition, aiming to minimise resource use and enhance occupants' quality of life.

These associations ensure the integration of sustainable practices that yield real benefits, which significantly influence our strategic environmental initiatives.

Key Figures	Unit	2023	2022	2021
Monetary contribution on lobbying and interest representation	€	0	0	0
Monetary contributions to local, regional or national political campaigns/ organisations/ candidates		0	0	0
Monetary contributions to trade associations		26,315	26,342	15,875
Total political contributions and spending on public policy		0	0	0

## Board Members' Skills Matrix

The Board competencies matrix, developed through a self-assessment questionnaire, enabled Board members to evaluate their expertise across key competencies relevant for their roles and responsibilities, supporting effective governance and strategic decision-making. The outstanding areas of expertise of our Board members include 'Real Estate', 'Finance, Banking or Auditing', 'Business Management and Strategic Planning', and 'International Experience and Cultural Awareness'.

**GCP Board of Directors' Competencies**

	Real Estate	Finance, Banking or Auditing	Business Management & Strategic Planning	Crisis & Risk management	IT, Information & Cyber Security	Environment & Sustainability	International Experience & Cultural Awareness	Merger & Acquisition Experience
Christian Windfuhr	● ● ●	● ●	● ● ●	● ● ●	●	● ●	● ● ●	● ● ●
Markus Leininger	● ● ●	● ● ●	● ●	● ●	●	● ●	● ● ●	●
Simone Runge Brander	● ● ●	● ● ●	● ● ●	● ●	●	● ●	● ● ●	● ●

● Basic   ●● Proficient   ●●● Expert

Detailed academic and work-related backgrounds of the Board members are available in the Management section of our [website](#).

## Approach to taxation statement

The Company has a tax policy which includes a set of principles it adheres to in relation to tax management. The key principles of the Company tax policy are listed below:

- Commitment to adherence to all relevant tax laws, regulations, and reporting requirements in each jurisdiction where we operate. External advice is sought where appropriate.
- The governance structure includes a professional in-house tax department led by the Group Tax Director who is responsible, among others, for recommending the tax policy and once approved executing the overall tax policy. Material issues, if they exist, are reported to the group CFO.
- Maintaining a healthy cooperation and communication with tax authorities
- Ensuring legal compliance with all tax affairs and regulations on a subsidiary and group level.
- Transfer pricing for transactions between group entities located in different tax jurisdictions are to be determined using the arm's length principle.
- Tax structures, if exists, will have commercial and economic substance.
- The group tax policy is approved by the Board of Directors.

## › Approach to risk management statement

The company's risk management (RM) follows the COSO Enterprise Risk Management (ERM) framework, identifying, evaluating, and monitoring risks based on their impact and probability.

### Roles and Responsibilities

- **Board of Directors:** Leads the RM strategy, ensures its own independence, delegates responsibilities, aligns with the Company's risk appetite, and communicates through policies and documentation.
- **Risk Committee:** Reviews RM system effectiveness and coordinates with other committees, particularly on ESG and non-financial risks.
- **Chief Risk Officer (CRO):** Supports senior management in risk identification, assessment, mitigation, and action plans, reporting to the Risk Committee and Board.
- **Employees:** Assigned risk owners act as "first line of defense" by monitoring risks.

	Board	Risk Committee	Other Committees	Senior Management	CRO	Employees
Identification of risks		x	x	x	x	x
Tolerance level definition	x					
Risk evaluation				x	x	
Risk mitigation				x		x
Supervision	x	x	x		x	
Reporting				x	x	x

## Risk Management Process

The company:

- Understands strategic objectives.
- Assesses the business environment.
- Identifies and evaluates risks in terms of their likelihood and magnitude.
- Monitors controls and mitigating activities.
- Reviews processes and establishes risk appetite.
- Assesses risks via key risk indicators (KRIs) and takes corrective actions.

Reviews occur regularly, at least annually, with immediate action on ad-hoc issues. Risks are displayed on a Risk Heat Map. The company maintains zero tolerance for legal breaches, fraud, and corruption.

## Emerging Risks

The company identifies new risks from changes in objectives, regulations, and unknown factors, reporting unexpected risks directly to the Risk Committee and Senior Management.

## Selected Risk Disclosures

### Macroeconomic Developments

Volatility, uncertainty, inflation, and higher interest rates, among others, negatively impact funding costs, liquidity, and property values impacting cashflows and equity position and an increase in leverage. The company mitigates the negative impacts through a conservative financial policy, maintaining low leverage, sufficient liquidity, and strategic measures like asset disposals and reducing debt.

### Liquidity Risk

Mismatch in asset and liability maturity can force adverse actions like discounted asset sales, expensive new debt, issuing equity instruments that are dilutive to the Company's shareholders. The company mitigates this by limiting leverage, using equity instruments, maintaining a staggered debt maturity profile, proactively managing refinancing, and adhering to debt covenants. The company further mitigates these risks by maintaining a high headroom. As a result of these measures, the liquidity risk is manageable.