

# WATER & WASTE

## 1. UNDERSTANDING THE TOPIC

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

All tenants, regardless of size, aim to reduce or contain their overall costs of occupancy and wish to benefit from reductions in service charge costs that can be realized through investments in environmental efficiency. Moreover, improving the management of natural resources by investing in more efficient water equipment, such as water leakage devices, and waste infrastructure increases the quality and comfort of our assets, with benefits for both tenants and Aroundtown as the landlord. This translates into short-term cost reductions; supports investor attraction and retention; and contributes to sustaining the value of our assets in the long-term.

## 2. MANAGING THE TOPIC

### Environmental management

Aroundtown's Environmental Policy sets out our management framework geared towards continued improvement across the Group's main environmental impacts, including water use and waste management. While the policy establishes a consistent framework of action across the portfolio, it also provides the

necessary flexibility given the specific characteristics, tenants arrangements and demands of each property class in our portfolio.

Environmental aspects are integrated into all phases of the property investment lifecycle, starting with asset selection and acquisition. We perform extensive technical due diligence of potential assets to critically examine their environmental profile and improvement potential. This includes examining buildings' structural fabric; their technical systems and appliances; water and waste profile and current management practices, among other things.

Whilst our corporate policy gives preference to investment in buildings with 'green' credentials, poor environmental performance does not deter us from proceeding with a purchase that aligns with our commercial criteria, as the guiding principle of our strategy is to raise assets' environmental performance to the desired standard, even where this involves more significant structural interventions. Fundamentally, the findings of the environmental assessments undertaken as part of our due diligence enable us to develop comprehensive asset environmental improvement plans, including a defined catalogue of measures which are factored into the budget for asset repositioning.

During the operations phase, efforts are made to support ongoing improvements in environmental performance. This encompasses the deployment of an environmental management

system approach to building operation, delivering training to staff and engaging with building occupiers. Our technical teams work alongside property managers on an ongoing basis to assess building environmental performance in relation to various parameters and identify improvement measures.

Whereas we are focused on the preservation of water through distribution and sewage, our tenants across our German commercial portfolios, the Netherlands and the residential portfolio of our subsidiary GCP, are responsible for the water consumption and the disposal of waste. Nevertheless, we also manage water supply within landlord-controlled areas and seek to increase waste recovery rates by ensuring the necessary facilities to encourage recycling are available.

### Water strategy

We aim to limit water consumption to only that which is necessary and eliminate wasteful usage as far as possible, thereby reducing water and wastewater-related costs. We comply with the high standards for water quality and wastewater disposal set at EU and national level, and additionally we adhere to our own standards set out within our Environmental Policy.

Our own operations do not entail significant water consumption; the most substantial impact in terms of water withdrawal occurs at the point of water distribution, even before the tenants enter the value chain. Yet, we seek to positively influence tenants' water consumption by using advanced

measurement and pragmatic engagement techniques. We are prioritizing investment in water meters that facilitate the measurement and assessment of water consumption at all assets in our portfolios. This helps us to promote water saving practices among tenants by providing them with accurate and up to date information about their water usage. Beyond this, we also implement technical improvements to reduce water consumption in our properties where this is economically viable and feasible on a structural and contractual basis.

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

## Waste reduction

Our goal is to reduce the total amount of waste produced in our assets and the amount of waste that is disposed of by means other than recycling and reuse. We are focusing our efforts on increasing recycling rates by providing facilities to support waste separation on our sites and engaging with tenants to promote better waste management practices. Ongoing reductions in waste output and waste disposal in landfill translate into a direct reduction in operating costs and enable us to reduce adverse environmental impacts.

We have a greater ability to control and influence waste production and disposal from refurbishments. On larger projects, reviews of the type and quantity are carried out with attention to ensuring that non-recyclable and hazardous waste streams are properly managed by specialist external service providers where relevant. As far as possible, construction waste is recycled in accordance with the applicable national standards. Our refurbishment activities bear greater environmental risk due to the potential presence of contaminated or hazardous waste, hence we maintain strict compliance with all applicable legal requirements and oblige third parties to provide evidence of appropriate certification so that risks associated with incorrect disposal are minimized.

Across part of our operational portfolio, we carry out regular audits of waste facilities and management procedures, particularly where we are working with external waste management service providers. Waste production and recycling rates and associated costs are monitored and benchmarked and in instances where costs are higher than expected, we make additional checks to ascertain whether waste is being properly segregated and recycled.

As most operational waste falls outside our direct control, we also work with tenants to reduce their footprint. In the offices portfolio, for example, waste separation is regularly discussed with our tenants. Here we seek to encourage greater waste separation to ensure more waste is recycled, and waste separation is a standard requirement in our tendering processes with waste contractors and processors.

Within the retail portfolio, where tenants can be significant producers of waste, it can be challenging to influence indi-

vidual practices. However, we are seeing increased interest in environmental sustainability from retailers and consumers, and our local technical teams are very willing to cooperate with tenants who seek our advice on these aspects.

Tenant involvement and awareness are key to reducing the operational impact of Aroundtown's assets, as tenant utilities' consumption and waste production account for the most significant environmental impacts across the scope of its activities. Furthermore, GCP publishes leaflets for tenants that educate them on environmentally friendly behavior, such as recycling, and coordinates closely with other stakeholders to increase tenants' sense of responsibility and understanding of the benefits of lowering their waste impact.

Where possible, we leverage our ability to influence tenant behavior through awareness-raising activities and by investing in pay-by-volume waste systems at select locations, which involve tenants using an electronic chip which monitors the volume of waste they dispose of and bills them accordingly. This system is most effective in highlighting the mutual benefit of waste reduction from a cost saving perspective.

Furthermore, we have introduced green lease clauses in new contracts with tenants, covering utilities consumption; the use of eco-efficient equipment; waste management and other environmental management aspects, as well as engagement and collaboration obligations between tenant and landlord on the exchange of utilities consumption data and the pursuit of environmentally responsible practices with respect to maintenance, construction and modernization works.

### 3. PERFORMANCE

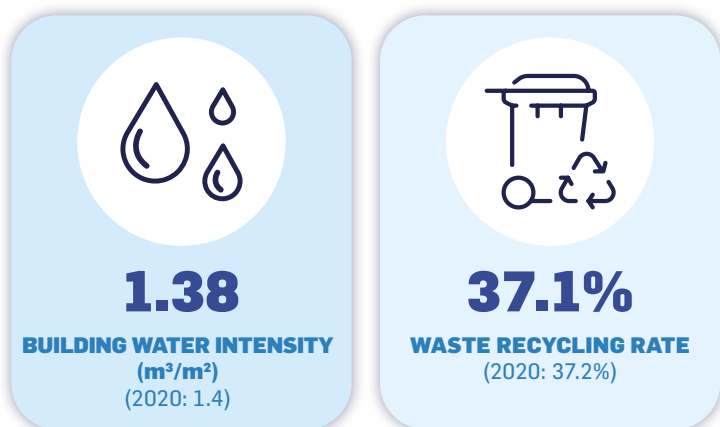
#### Long-term Goals and 2021 Performance

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

- » Reduce water consumption to what is strictly necessary; maintain a high level of water quality and lower water- and wastewater related operating costs
- » Reduce the total amount of waste produced and the amount of waste not disposed of through recycling

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

We use two key performance indicators that we track on a yearly basis to monitor our performance.<sup>1</sup>



#### Water

During 2021, landlord obtained water consumption totaled 5,856,611 m<sup>3</sup>, a 1.3% decrease compared to 2020 (5,931,777 m<sup>3</sup>) which related to our portfolio increase that year. The building water intensity of our portfolio, however, decreased from 1.4 m<sup>3</sup>/m<sup>2</sup> to 1.38 m<sup>3</sup>/m<sup>2</sup> in 2021. The decrease can be attributed to water consumption reduction measures. There was a corresponding decrease recorded in water consumption in our retail (3.2%) and office portfolio (8.6%).

#### Waste

In 2021, landlord handled waste (like-for-like values) produced from our assets was 1,602,893 m<sup>3</sup> (2020: 1,593,612), of which approximately 37% was recycled.

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

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

## DATA TABLE

Key figures	Scope	Unit	2020	2021	% change
<b>Water</b>					
Water consumption	Total landlord-obtained water	m <sup>3</sup>	5,931,777	5,856,611	-1.3
Water intensity	Building water intensity	m <sup>3</sup> /m <sup>2</sup>	1.4	1.38	-5.7
<b>Waste</b>					
Waste (Landlord-handled)	Total waste	m <sup>3</sup>	1,593,612	1,602,893	-
	% Recycled		37.2	37.2	-

1. The figures disclosed for all parameters capture like-for-like values.