

"EPBD, CSRD, SFDR – the real estate industry has to face numerous EU requirements. We want to play an active role in shaping these so that the measures lead wisely, sensibly, and efficiently to a transformation into a sustainable economy."

MARIA HILL, DIRECTOR CORPORATE SUSTAINABILITY & CORPORATE COMMUNICATIONS, ECE GROUP SERVICES

Real estate plays a decisive role on the path to climate neutrality, as about one-third of CO₂ emissions are caused by the operation of buildings. With that in mind, ECE has developed demanding standards and concrete solutions to achieve the climate targets in all business areas.

The EU has anchored a climate-neutral Europe by 2050 in the EU Climate Law and developed the Green Deal for this purpose, which includes the Sustainable Finance Act with numerous specifications for the real estate industry. In addition to the Disclosure Regulation, which obliges investors and banks to report transparently on their sustainability activities, specific environmental criteria for sustainable real estate are formulated there. In the coming years, the Corporate Sustainability Reporting Directive (CSRD) will also require more than 15,000 companies in Europe to publish nonfinancial KPIs in their management reports. Green capex, opex, and sales must be determined, and with the taxonomy, Brussels is providing characteristics that make the sustainability of real estate transparent and comparable.

The amendment of the Energy Performance of Buildings Directive (EPBD), which will have a major impact on standards for new buildings as well as on existing buildings, is also highly relevant for the real estate industry. The EU wants to set a minimum energy standard for existing buildings. In the future, this standard will be reflected in the energy certificate, which will give the document a whole new relevance. It will also define specifications for e-charging stations and bicycle parking spaces.

SOLUTIONS FOR ALL ASSET CLASSES

To overcome these challenges and achieve the climate targets, ECE has developed clear strategies and concrete, implementable solutions for its investors. >

Approx. **40%**

OF ECE PROPERTY CONTRACTS HAVE A GREEN LEASE AGREEMENT

129

CERTIFICATES ACCORDING TO DGNB, LEED, AND BREEAM FOR ECE PROPERTIES

ROUGHLY

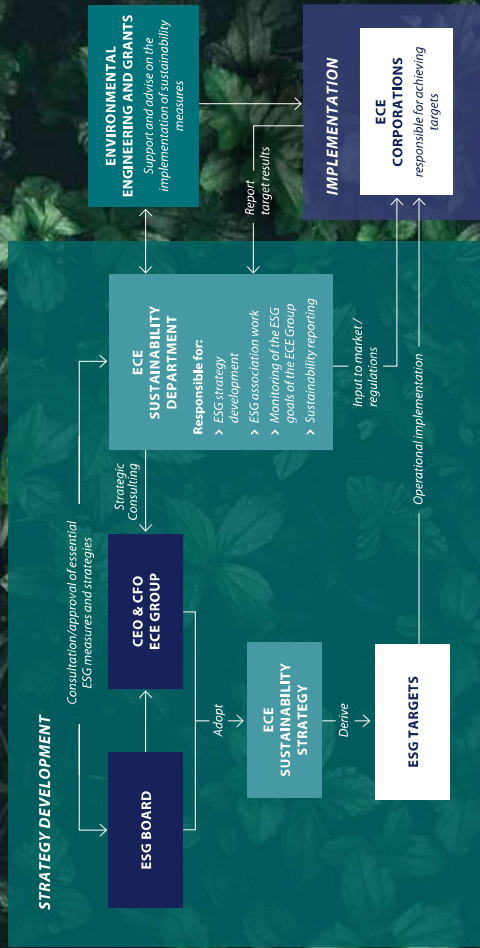
126,500 t

CO₂ SAVINGS THROUGH GREEN ELECTRICITY IN GERMANY IN 2022

ESG: CONCRETE SOLUTIONS AND HIGH STANDARDS

ACHIEVING AMBITIOUS GOALS FASTER

FROM STRATEGY TO TARGET



HOLISTIC SUSTAINABILITY STRATEGY

As part of a holistic approach, the ECE Group sees the areas of social justice and corporate governance as being just as important to its sustainability strategy as environmental protection is. The focus of social sustainability is on the health and well-being of employees (more on p. 62), as well as their fair and equal treatment regardless of gender, religion, or age. The basis for responsible corporate governance is the ECE Code of Conduct, with binding standards of behavior for all employees when it comes to interacting with each other, as well as for cooperation with business partners. //

3 QUESTIONS FOR

TERESA DREO-TEMPSCH
Market Director at Berlin Hyp

Transparency is becoming increasingly relevant due to the taxonomy, disclosure regulations and reporting requirements of the CSRD. To meet these requirements, ECE works in partnership with banks such as Berlin Hyp.

#1
Berlin Hyp has been ECE's financing partner for many years in numerous projects. What distinguishes the cooperation?

Definitely our partnership on equal footing! I think we particularly appreciate each other's reliability and professionalism. We have been working closely together for years and take each other's wishes and needs into serious consideration so that we achieve optimal results for both parties.

#2
Sustainability is also a top priority at Berlin Hyp. What role do the EU's Green Deal requirements play in this?

Berlin Hyp sees the sustainable orientation of its business portfolio as the greatest lever for achieving climate and sustainability goals. To this end, we are making our own business activities more sustainable and supporting our customers in their transformation to more energy-efficient, sustainable buildings. All financing requests are reviewed with regard to their ESG performance, and the range of sustainable consulting and products offered is continuously being expanded.

#3
To what extent will taxonomy requirements change collaboration in the future?

To identify taxonomy-compliant assets, data is required that may have to be collected for the first time. This results in many ambiguities in practice. In addition, the taxonomy will continue to evolve. For long-term investments in real estate, this means working toward a "moving target." The development of practicable solutions will require intensive exchange between the customer and financier, but also close cooperation within the industry and in joint initiatives.

ESG BOARD

ECE is supported by the ESG Board, consisting of representatives from science, business, and politics, who critically discuss all new projects with regard to ecological, social, and economic impacts. Their findings and suggestions from the exchange with the decision-makers of the ECE Group are incorporated into the subsequent decision-making process.



● ESG Board: (from left) Arved Fuchs (polar explorer), Alexander Otto (CEO of ECE), Bärbel Schomberg (real estate expert), Ole von Beust (former First Mayor of Hamburg), Dr. Andreas Mattner (Chairman of the ESG Board and ZIA President), and Prof. Kumbert Lennerts (Karlsruhe Institute of Technology).

RETAIL REAL ESTATE

With its Energy Renovation Roadmap (ERR, more on p. 56), ECE shows how even complex highly frequented properties such as shopping centers can become climate-neutral by 2045. Its broad ESG product portfolio also includes the energy pre-check and taxonomy check, the climate impact risk analysis, and green building certifications, as well as an ESG analysis and strategy development for a tailor-made implementation of measures for the different fund strategies. In addition, ECE contributes to significant CO₂ savings in shopping centers with 100% use of green electricity in Germany. Its photovoltaic strategy, sustainable mobility concepts, and green lease contracts (more on p. 59).

RESIDENTIAL, OFFICE, HOTEL, AND LOGISTICS REAL ESTATE

All new construction projects from ECE Work & Live in the residential, office, hotel, and logistics asset classes are also subject to individual measures for the construction and operation of climate-friendly buildings. The clear specifications and standards in the areas of environment, social, and governance are anchored in specific codes such as the ESG Logistics and Residential codes (more on p. 60). The aim of the ECE standards is to go beyond the legal requirements



“What might a customized ESG strategy for my asset look like?”

“How can the property become carbon-neutral by 2045?”

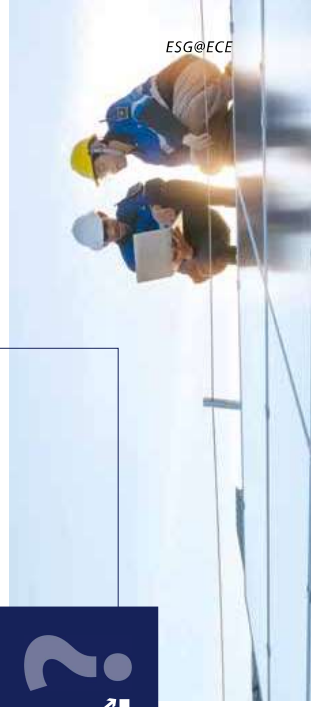
“How can I improve the energy performance certificate for the property?”

“What measures and targets can be named for the CSRD requirements and what are the costs and CO₂ reductions?”

ESG STRATEGY FOR SHOPPING CENTERS THE RIGHT SOLUTION FOR EVERY REQUIREMENT

As the ESG strategies of investors are very different, ECE does not offer a single solution for everyone, but rather provides support with different ESG products. Together with the customers, the experts develop a tailor-made strategy with coordinated measures for the complex asset class of retail real estate, while always keeping the political requirements on the path to climate neutrality in mind.

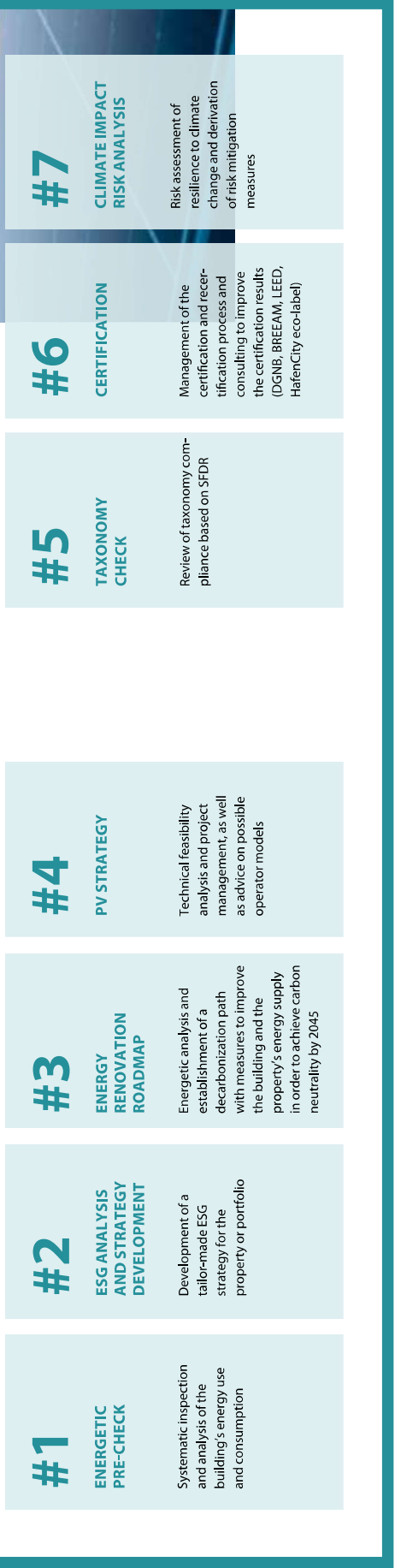
ESG@ECE



ESG@ECE

ECE'S ESG PRODUCT CATALOG

For the individual path to climate neutrality



AWARD-WINNING SUSTAINABILITY

THE ROADMAP TO CLIMATE-NEUTRAL SHOPPING CENTERS

Can shopping centers really become climate-neutral by 2045? Yes, they can! How this can be achieved is demonstrated by ECE Marketplaces with its Energy Renovation Roadmap (ERR), which received the MAPIC Award 2022 in the category "Best Sustainable Retail Initiative" immediately after its introduction.

In a pilot project, ECE developed its first ERR for the Alstertal-Einkaufszentrum (AEZ) in Hamburg in 2022. For this purpose, a 3D energy model was created for the AEZ and the performance was analyzed – taking into account the climate, the tenants, the technical systems in operation, and the visitors. The result: climate neutrality can be achieved by 2045 through targeted measures. In addition to

the sustainability targets, value-enhancing ancillary cost savings of more than 30% can also be achieved by the end of the period under consideration. An annual target/reality comparison ensures that the AEZ remains on track.

Energy Renovation Roadmaps have since also been completed for the Allee-Center in Essen and the Franken-Center in Nuremberg. Plans are currently being developed for eight other centers. In this context, it is important to remember that each center is different and must be considered in detail as a completely individual entity. //



IMPRESSIVE BENEFITS:

- ✓ Efficient roadmap for phased achievement of climate neutrality, including investment costs
- ✓ Modeling of the current and target energetic situation
- ✓ Validation of the investments with regard to funding opportunities and feasibility
- ✓ Sustainable safeguarding of value preservation (avoidance of stranded assets)
- ✓ Investment validation with regard to potential apportionment and compliance with long-term planning

3 QUESTIONS FOR

THOMAS ZIESING

Head of Environmental Engineering and Grants at ECE Group Services

#1

What is the main advantage of the Energy Renovation Roadmap (ERR)?

The major advantage is that we take a 360° view of the entire property. The ERR enables the highest possible prediction accuracy of the occurring energy demand in the case of defined changes to framework parameters, comfort parameters, or technical solutions. To this end, interactions between the individual technical systems, users, customers, and meteorological influences are carefully considered by means of complex data processing and simulation. We present all measures and their positive effects in the CRREM path. CRREM stands for Carbon Risk Real Estate Monitor.

#2

To what extent is energetic refurbishment also worthwhile from an economic point of view?

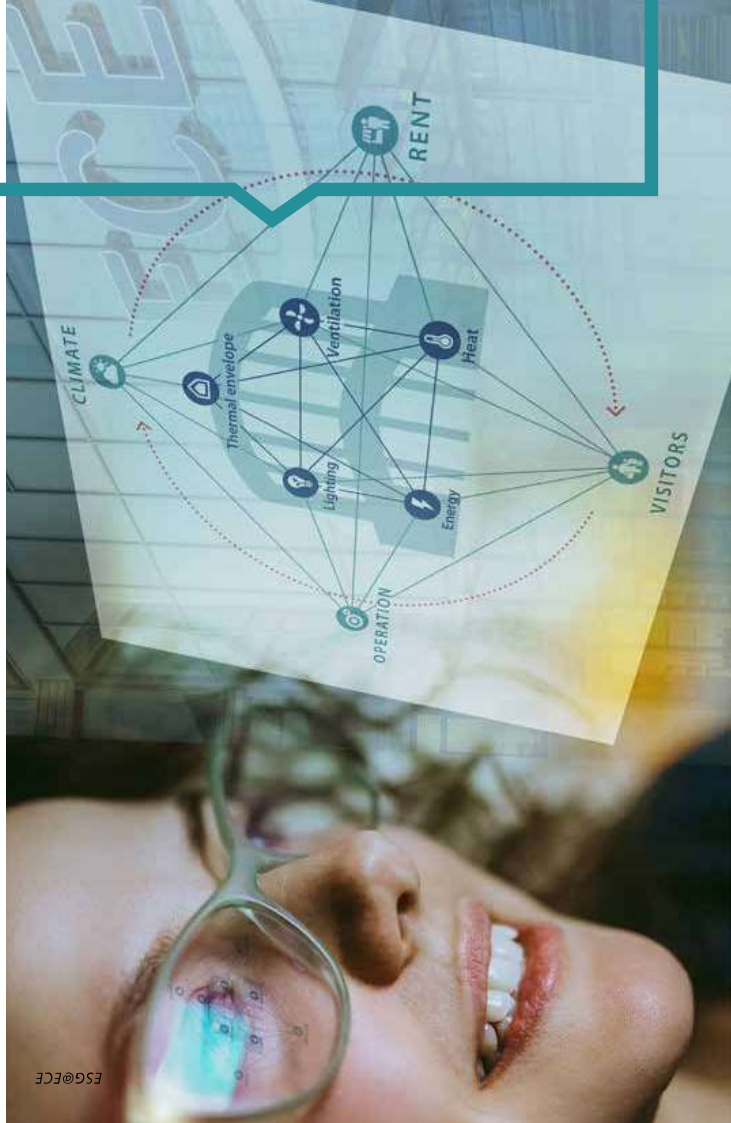
The recommended refurbishment measures are aimed either at reducing the energy demand or at possible climate-friendly energy production on-site. In any case, this will reduce energy consumption and the associated energy purchase costs. In each property, there are more cost-effective and more cost-intensive measures to achieve climate neutrality available. Knowledge of the possibilities of different measures makes it possible to determine the optimal time for investment and thus an ideal investment

#3

What important insights have you already been able to gain from the first Energy Renovation Roadmaps that have been drawn up?

For me, the most important insight is that achieving climate neutrality for complex highly frequented real estate such as shopping centers is possible – on the one hand, by drastically reducing the energy demand of the property and, on the other hand, by reducing the CO₂ emission factors of the sources for energy procurement.

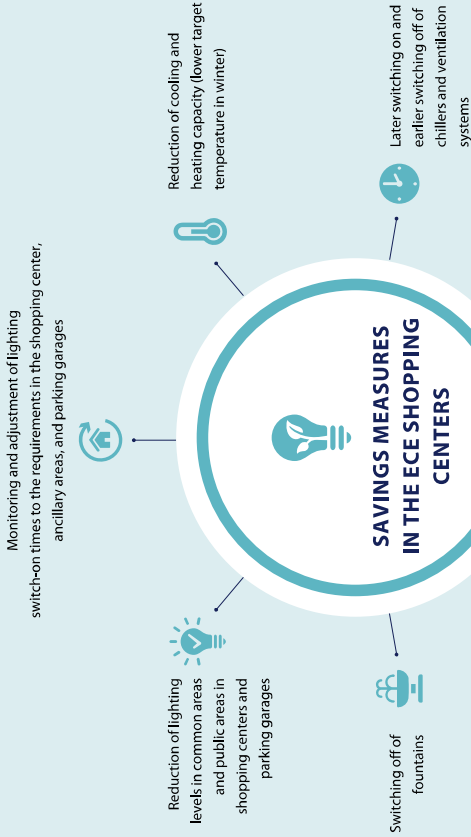
In my view, this gives the ERR the necessary depth of analysis to draw up longer-term refurbishment roadmaps that allow the necessary investment costs to be optimized at the ideal time. In addition, the property can be effectively protected against possible devaluations (stranded asset) by means of an ERR.



REDUCE CONSUMPTION, SAVE COSTS USING ENERGY CLEVERLY

Even in times of crisis, ECE is a reliable partner that acts quickly and in a solution-oriented manner. For example, the family-owned company reacted immediately to the energy crisis and took numerous additional energy-saving measures at short notice in the spring of 2022. In order to further reduce electricity consumption in its shopping centers, ensuring safe center operation while also saving costs.

And this was a success: together with the measures already taken, such as the use of green electricity and LEDs, as well as modern technical building equipment, energy consumption in the shopping centers has been significantly reduced. In addition, rising energy costs have been largely cushioned thanks to professionalized energy procurement processes and clever purchasing strategies.



SAVINGS FOR ALL GERMAN
ECE SHOPPING CENTERS 2022 VS. 2019

Total electricity saved

38,044,700 kWh

Average savings per shopping center

405,000 kWh

GREEN LEASE 2.0 RENTAL AGREEMENTS POOLING FORCES FOR MORE SUSTAINABILITY

Around 40% of ECE's current leases already include a green lease agreement. The core elements of the sustainability agreement introduced in 2016, which were essentially voluntary commitments by the tenants, include the use of LED lighting and green electricity, as well as efficient use of resources.

In order to comply with the binding regulations of the European Commission, ECE has now revised and updated its sustainability agreements.

With immediate effect, the new green lease 2.0 agreements are an integral part of the lease agreement, in order to jointly come another step closer to the goal of a CO₂-neutral building stock.

AROUND
40%
OF ECE'S CURRENT LEASES
INCLUDE A GREEN LEASE
AGREEMENT



THE MAIN CHANGES



DATA TRANSPARENCY

Disclosure of tenant consumption data in order to measure the shopping center's carbon footprint and derive appropriate sustainability measures.



LED LIGHTING

Consistent use of LED lighting or comparable energy-saving light sources, including in the rental areas.



GREEN ELECTRICITY

Exclusive use of green electricity both in the general areas of the shopping centers and in the rental area, gradually introduced in all countries.

ESG RESIDENTIAL CODE

THE CORNERSTONES

- > Real estate with maximum CO₂ emissions of 20 kg/m², with a climate-friendly energy supply
- > Aim to be 10% above the highest legal building standard of the respective country
- > Reduce "gray emissions" as far as possible, aiming for a value of 300 g CO₂/m²

MEASURES OF THE ESG RESIDENTIAL CODE

ENVIRONMENTAL

- > Taxonomy-compliant buildings
- > Climate-friendly energy supply
- > Low PEB and CO₂ emissions
- > Use of locally generated renewable energy for electricity generation
- > Avoidance of "gray emissions" (embodied carbon)
- > Energy monitoring as governance for sustainable building operations
- > Consideration of climate change risks
- > Preservation or expansion of local biodiversity

SOCIAL

- > Development of intergenerational housing
- > Integration of modern and attractive mobility concepts

GOVERNANCE

- > Certified real estate as proof of building sustainability
- > Integration of compliance standards and green leases



ESG@ECE WORK & LIVE FUTURE-ORIENTED TARGETS FOR ALL ASSET CLASSES

The ESG Residential and Logistics Code is a voluntary commitment by ECE to the sustainable development and implementation of residential and logistics properties – from an ecological, social, and corporate perspective. In this way, the company is setting standards by which it is happy to be measured. ESG codes are currently also being developed for the hotel and office asset classes.

THE TARGETS

- ✔ Exceeding the legal minimum standards
- ✔ Minimizing CO₂ emissions
- ✔ Acting as a reliable partner in the market

ESG LOGISTICS CODE

THE CORNERSTONES



The "Effizienzhaus 40" (EH 40) standard is the basis of all planning; it exceeds the legal requirements and lays the foundation for climate neutrality



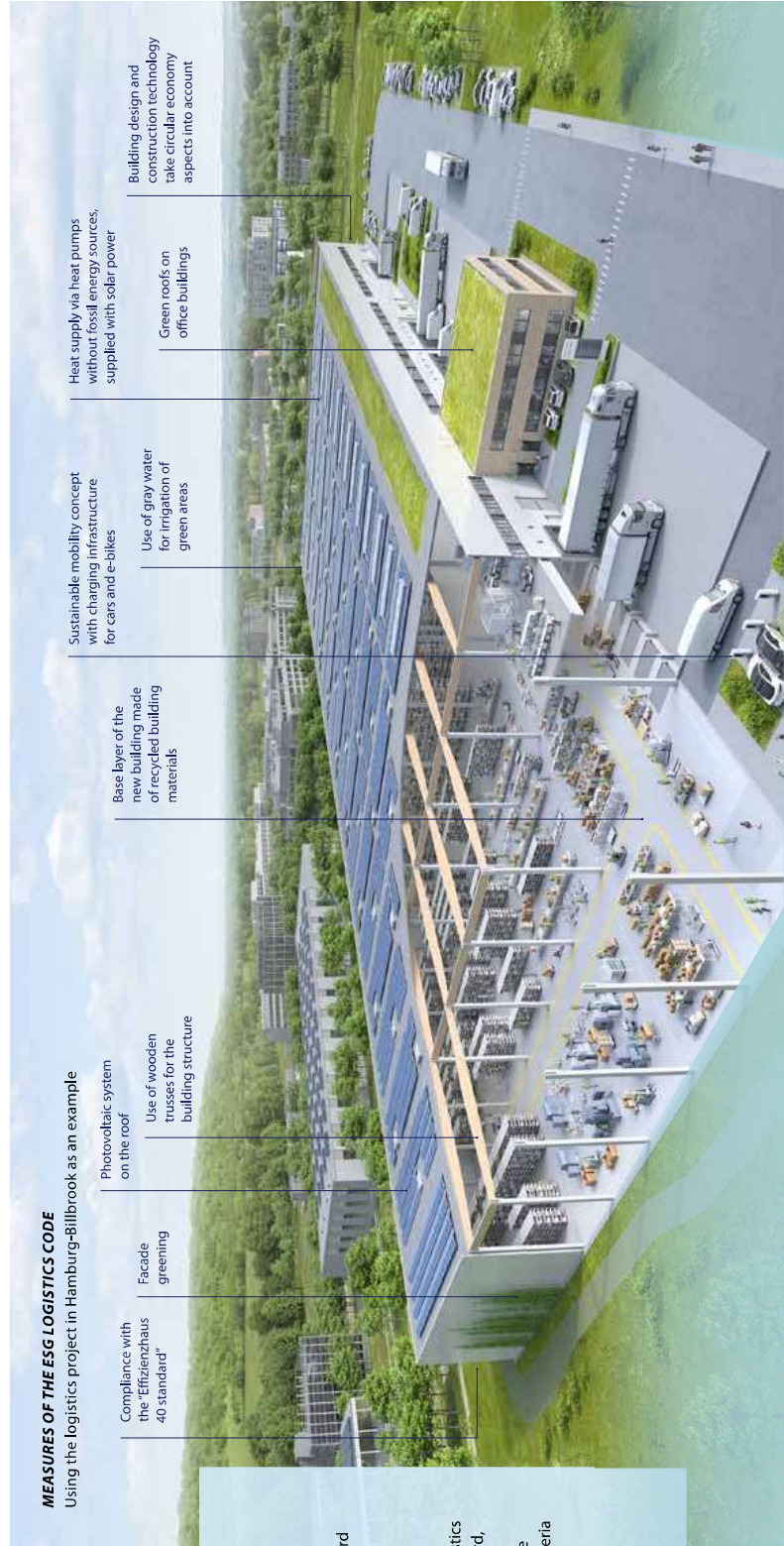
DGNB Gold as a minimum for all logistics developments; with the Gold standard, many other sustainability criteria are already fulfilled in the planning phase (from species protection to social criteria and life cycle considerations)



Planning based on the taxonomy requirements

MEASURES OF THE ESG LOGISTICS CODE

Using the logistics project in Hamburg-Billbrook as an example



Compliance with the "Effizienzhaus 40 standard"

Photovoltaic system on the roof

Use of wooden trusses for the building structure

Base layer of the new building made of recycled building materials

Sustainable mobility concept with charging infrastructure for cars and e-bikes

Use of gray water for irrigation of green areas

Heat supply via heat pumps without fossil energy sources, supplemented with solar power

Building design and construction technology take circular economy aspects into account

ON THE ROAD TO MORE SUSTAINABILITY EVERY STEP COUNTS

SAVINGS CAMPAIGN AT THE COMPANY CAMPUS

Whether it was by turning off the hot water in the restrooms, reducing the lighting in the corridors, or lowering the heating temperature – numerous short-term savings measures at the ECE company campus made it possible to make a saving of as much as 10% in the consumption of electricity and district heating between September 2022 and February 2023.

-10% ⚡

CONSUMPTION SAVINGS FOR
ELECTRICITY AND DISTRICT HEATING

E-CHARGING STATIONS

Customer-friendly fast charging at more and more locations: 30 German ECE shopping centers now have e-charging stations for visitors. That is a total of around 300 e-charging stations, almost 30% of which are fast-charging stations. The aim is to equip all centers in Germany with convenient e-charging solutions by 2024.



SUSTAINABILITY FORUM

For intensive interaction with tenants, ECE has been organizing the Sustainability Forum since 2014, and it will take place every six months in the future. The focus is on joint workshops, expert presentations, and the exchange of knowledge on all ESG-relevant topics.



SUSTAINABLE HOSPITALITY ALLIANCE

By recently joining the Sustainable Hospitality Alliance, ECE Work & Live has underlined its commitment to implementing hotel projects that are in line with its sustainability strategy. As the first developer in this network, ECE Work & Live will contribute its extensive know-how to drive forward measures for greater sustainability in the hospitality industry together with the other members. In addition, the company is looking to incorporate the insights and experiences of the other partners into the optimization of its own projects.

16 million kWh

OF CO₂-FREE ELECTRICITY PRODUCTION PER YEAR FROM 50 PLANNED PV INSTALLATIONS ON ECE CENTERS

APPROX.

396,500 m³

LESS WATER CONSUMED IN SHOPPING CENTERS (2022 VS. 2019)

6,000 t

LESS CO₂ IN HEAT CONSUMPTION IN 2022 COMPARED TO THE PREVIOUS YEAR

100%

GREEN ELECTRICITY IN GERMAN SHOPPING CENTERS