

GLOBE TRADE CENTRE SA CAPITAL GROUP

Green Bond Framework



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1. Introduction

Globe Trade Centre SA Capital Group (hereinafter “GTC” or the “Group”) is a leading real estate company with a primary focus on Poland and capital cities in Eastern and Southern Europe (“CEE”): Belgrade, Budapest, Bucharest, Zagreb and Sofia. The Group is headquartered in Poland and has a primary listing on the Warsaw Stock Exchange, with a secondary listing on the Johannesburg Stock Exchange.

The Group develops, acquires and manages commercial real estate assets, primarily in the office and retail sectors, with the objective of being the landlord of choice for the broad and growing variety of multinational corporations in the region.

The Group is dedicated to promoting sustainability in general, and environmental awareness and protection in particular. We believe that operating in a sustainable way as an organization and encouraging our customers to do likewise not only enhances the efficiency and resilience of our business but also helps to raise social awareness and mitigate some of the most pressing problems the world faces today, including rapid environmental degradation.

As at 31 December 2020, GTC had a diversified, a high-quality income generating real estate portfolio valued at €1.9 billion spread across the CEE region, 84% of which had eco-friendly certification under BREEAM or LEED criteria. The Group had 39 certified (or in the process of certification) properties. The majority of the properties were certified with LEED accreditation (50.1% of standing commercial portfolio by value), followed by BREEAM (31.8%) and DGNB (2.0%), with the remaining of the portfolio being at different stages of green accreditation.

In 2015, GTC adopted a policy of environmentally responsible and resource-efficient property development throughout a building's life-cycle: from planning to design, construction, operation, maintenance, renovation, and demolition. GTC made a commitment that all its existing projects, where possible, and all its new projects are assessed by sustainability certification schemes such as BREEAM or LEED.

GTC's commitment to sustainable properties is evidenced over time, as the Group, in terms of value, increased its portfolio of certified assets from €284 million (28% of the portfolio) in 2014 to €1.6 billion at 31 December 2020 (84% of the portfolio).

Additionally, the Group endorses all of the 17 Sustainable Development Goals (“SDGs”) as defined by the United Nations for the period 2015 - 2030, as well as the 2015 Paris Agreement within the United Nations Framework Convention on Climate Change. The Group contributes to the fulfilment of the SDGs in its operations.

In 2020, GTC's Management Board decided to introduce ESG reporting based on GRI Sustainability Reporting Standards for disclosure by organizations of their impact on the economy, the environment, and/or society. The Group engaged an internationally reputable consultant to help prepare its group ESG policy (the “Policy”), select measures to report, and create an ESG report for 2020.

Therefore, in connection and compliance Group's internal rules, and framework the main principles of the Group are:

- a. promoting a sustainable approach towards real estate development and management;

- b. contributing to environmental protection and the development of local communities in which the Group operates;
- c. pursuing a sustainable business model that allows the Group to achieve its business objectives without placing an excessive burden on the environment;
- d. actively managing the Group's assets to continually improve environmental performance, quality and resilience; and
- e. encouraging proactive contributions from all employees, tenants, customers and stakeholders of the group to meeting all objectives in compliance with the Policy.

The Group is also a member of a key industry initiatives, such as the European Public Real Estate Association ("EPRA"), the Polish Council of Shopping Centres (Polska Rada Centrów Handlowych;), Polish Chamber Of Commercial Real Estate (Polska Izba Nieruchomości Komercyjnych), The Croatian Green Building Council, Bucharest Real Estate Club, and Foreign Investors Council. By participating in industry working groups with leading developers, consultants, engineers and manufacturers the Group plans to gain practical insights into innovative solutions for effective property management and access to information on upcoming legislation and the process of EU law transposition in the countries where the Group operates.

GTC acknowledges the importance of its real estate footprint to society and the environment, and the benefits of maintaining and operating of an efficient and high-quality portfolio.

Furthermore, the Group's Management Board and Supervisory Board place significant importance on the roles of business ethics and corporate social responsibility within the overall approach to governance. It is our belief that this creates long-term value for the Group, its shareholders, its people and its community. Consequently, the Group has tried to ensure that its progress in this domain is keeping in line with its overall growth.

Since its inception, GTC has been careful in responsibly managing the social, environmental and economic impact of how it conducts its business and in contributing to the communities in which we live and work in.

GTC follows the Best Practice of GPW Listed Companies 2016 of the Warsaw Stock Exchange. The principles are based on Polish legislation regarding commercial companies, and specifically on the financial regulations that are applicable to companies listed on the Warsaw Stock Exchange (and in general to all companies listed in the EU).

As part of this commitment to sustainability, GTC has developed this Green Bond Framework under which it may issue green bonds and an amount equivalent to the net proceeds of such issuances to finance and/or refinance, in whole or in part, existing and past projects that promote energy efficiency.

Issuing green bonds under Framework links the Group's financing to business-relevant projects that enable us to meet our environmental objectives. This Framework articulates the criteria for the selection and evaluation of eligible projects to be financed or refinanced using an amount equivalent to the net proceeds the Group's green bond issuances, the management of proceeds and reporting. This framework aligns with the four core components of the International Capital Market Association (ICMA) Green Bond Principles, 2018.¹ GTC has also taken into consideration the developing EU Taxonomy for

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

sustainable activities in developing the eligibility criteria set out below.² Sustainalytics has provided a Second Party Opinion on GTC Group's Green Bond Framework, which is available on GTC' website.

For each Green Bond issued, GTC asserts that it will adopt (1) Use of proceeds (2) Project Evaluation and Selection (3) Management of Proceeds and (4) Reporting, as set out in this Framework.




Eligible Green Projects under this Framework will mainly contribute to Climate Change Mitigation. GTC is paying particular attention to market developments on an EU-level and will look to adjust to the best extent possible its framework when the EU Taxonomy and EU Green Bond Standard (EU GBS) become enforceable.

Future changes in the Green Bond Standards may be implemented in updated versions of this Green Bond Framework. Any updated version of this framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external consultant.

² https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

2. Use of proceeds

An amount equivalent to the net proceeds of GTC Green Bonds will be allocated to finance or refinance³ projects that meet the following criteria (“Eligible Green Projects”, such projects comprising the “Eligible Green Portfolio”):

Green Bond Principles Category	Eligibility Criteria	Reporting Metrics	Relevant Sustainable Development Goals
Green Buildings (including financing relating to construction, acquisition and renovation)	Financing of buildings achieving the following certifications: <ul style="list-style-type: none"> • LEED (Platinum or Gold);⁴ • BREEAM (Very Good, Outstanding or Excellent);⁵ or • DGNB (Platinum or Gold)⁶ 	Level of certification tCO2e avoided MWh pa saved % annual energy efficiency gain relative to baseline annual reduction in water consumption (in m3)	SDG 11 - Sustainable Cities and Communities 
Energy Efficiency	Financing of buildings falling into Top 15% of most energy efficient buildings in a local context Financing of buildings where the net primary energy demand of the new construction is at least 20% lower than the primary energy demand resulting from the relevant NZEB requirements; ⁷ and or: Financing of building renovations where the renovation achieves savings in net primary energy demand of at least 30% in comparison to the baseline performance of the building before the renovation	tCO2e avoided MWh pa saved % annual energy efficiency gain relative to baseline	SDG 7 – Affordable and Clean Energy  SGG 11 - Sustainable Cities and Communities 

All proceeds will be allocated to the Eligible Green Project categories as defined in this framework contributing to the environmental objective of climate change mitigation through low carbon emissions. Eligible Green Projects include physical assets such as commercial buildings.

The Group will not finance/refinance any project concerning buildings for the purpose of extraction, storage, logistics, transportation or manufacture of nuclear power, fossil fuel, weapons/ammunitions, alcohol and tobacco, gambling/casinos and any other internationally banned product.

³ GTC may refinance projects that were acquired, financed, constructed, refurbished, renovated or installed in the 36 months prior to the green bond issuance

⁴ Leadership in Energy and Environmental Design - LEED: <https://www.usgbc.org/leed>

⁵ Building Research Establishment – BREEAM: <https://www.breeam.com/>

⁶ DGNB – German Sustainable Building Council: <https://www.dgnb-system.de/en/system>

⁷ The threshold is based on ‘nearly-zero energy building’ (NZEB) requirements, which are defined in national regulation implementing the Energy Performance of Buildings Directive and are mandatory across EU Member States from 2021.

3. Project Selection and Evaluation Process

The Project Evaluation and Selection Process will ensure that an amount equivalent to the net proceeds of GTCI Green Bond(s) are allocated to finance or refinance projects that meet the criteria and objectives set out in this Framework.

General Sustainability Assessment Process

GTC is committed to high standards in environmental, social and ethical matters. As such, all of GTC's real estate investments are subject to environmental assessment procedures and in line with local environmental and social regulation. Before each potential real estate investment, the Group examines the financial viability of each investment, in conjunction with the environmental and social risks, and compliance with all applicable local regulations.

The Group focuses on investments which are either environmentally certified with BREEAM Very Good or higher, LEED Gold or higher, or or DGNB Platinum or Gold accreditation, or have the potential to achieve such through effective and efficient management of the properties.

Project timing, progress and budgets are carefully monitored, by the relevant in-house GTC team (such as investments, project management or asset management teams) together with the support of external specialist monitoring advisors.

In the case where the investment involves the development, re-development or refurbishment of a property, health, safety and environmental risks are monitored before and during the performance of works.

Project Selection Process

Projects financed and/or refinanced pursuant to this Framework shall be evaluated and selected by a dedicated Green Bond Committee in accordance with the Use of Proceeds criteria outlined above.

The Green Bond Committee is composed of 5 members, who hold senior managerial positions in the Asset Management, Development, Finance, Legal and Investor Relations departments, one from each department. The Committee reports directly to the Management Board of GTC.

On an ongoing basis, Use of Proceeds for Eligible Green Projects from GTC's portfolio of projects will be identified and proposed by the Green Bond Committee. The Green Bond Committee will screen these projects against (i) the Eligibility Criteria (as described in Section 3), (ii) GTC internal policies, and (iii) local regulations. On the basis of the screening process, the Green Bond Committee will recommend Eligible Green Projects for inclusion to the Use of Proceeds to the Board of Directors of GTC, notifying all other appropriate teams and committees.

The Green Bond Committee will review, annually or earlier if should be deemed necessary, the allocation of the proceeds to the Eligible Use of Proceeds and determine if any changes are necessary (for instance, in the event that projects have been completed or otherwise become ineligible). While any GTC Green Bonds are outstanding, in the case of divestment or cancellation of a project to which proceeds have been allocated, GTC will reallocate the proceeds to other eligible projects.

The Green Bond Committee will also review the management of proceeds (as described in Section (4) and facilitate reporting (as described in Section (5)).

4. Management of Proceeds

GTC intends to allocate an amount equivalent to the net proceeds from issuances of Green Bonds to Eligible Green Project Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above.

GTC will strive, within 12 months after issuance, to achieve a level of allocation for the Eligible Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Green Projects will be added to the Issuer's Eligible Green Project Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Projects.

Whilst any Green Bond net proceeds remain unallocated, GTC will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Green Project Portfolio.

5. Reporting

In order to enable investors to follow its Green Bond progress, and to provide insight to prioritised areas, GTC is committed to providing a Green Bond update consisting of an Allocation Report and an Impact Report, which will be available on the Groups' website.

Such an update will be published within 12 months from the issuance of a Green Bond instrument and then annually until full allocation, and will present:

Allocation report:

- The allocation of the net proceeds of its Green Bond(s) and give additional details such as the remaining balance of unallocated proceeds, the geographical distribution of Green Projects, the share of financing/refinancing, and the status of buildings included (e.g standing or under construction). External verification will be provided for the final allocation report.

Impact report:

- Where feasible, to demonstrate substantial contribution to the goals set out for each Eligible Green Project category, GTC will provide impact report using the metrics recommended under the Harmonized Framework for Impact Reporting,⁸namely:

⁸ ICMA Handbook – Harmonized Framework for Impact Reporting (December 2020):
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf>

Project Category	Impact Reporting Metrics
Green Buildings	<ul style="list-style-type: none"> • Level of certification by property • Annual GHG emissions reduced/avoided (t CO2 eq pa) • Annual energy savings (MWh pa) • % annual energy efficiency gain relative to an established baseline • Annual reduction in water consumption (in m3)
Energy Efficiency	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided (t CO2 eq pa) • Annual energy savings (MWh pa) • % annual energy efficiency gain relative to an established baseline

6. External Review

GTC has engaged Sustainalytics to provide an Second Party Opinion on the GTC Green Bond Framework and confirm alignment with the ICMA Green Bond Principles, 2018.

The Second Party Opinion has been made public on GTC's website.

GTC's annual reporting will also be subject to external review which will be accessible on GTC website.

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This Framework is provided for information purposes only and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of GTC. Any decision to purchase any GTC Green Bonds should be made solely on the basis of the information to be contained in any offering document or prospectus produced in connection with the offering or the listing of such bonds and not these materials. In particular, investors should pay special attention to any

sections of such offering related documents describing any risk factors. Prospective investors are required to make their own independent investment decisions and seek their own professional advice, including an assessment of the legal, tax, accounting, regulatory, financial, credit or other related aspects of a purchase of any GTC Green Bonds.

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No representation is made as to the suitability of any GTC Green Bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of GTC Green Bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such GTC Green Bonds regarding the use of proceeds and its purchase of GTC Green Bonds should be based upon such investigation as it deems necessary.

GTC has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and investor reporting, in connection with GTC Green Bonds. However, it will not be an event of default or breach of contractual obligation under the terms and conditions of any GTC Green Bonds if GTC fails to adhere to this Framework, whether by failing to fund or complete Eligible Green Projects or to ensure that proceeds do not contribute directly or indirectly to the financing of any excluded activities, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy, changes in laws, rules or regulations, the lack of available suitable projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the anticipated benefits of these initiatives, including the funding and completion of Eligible Green Projects. In addition, each environmentally focused potential purchaser of GTC Green Bonds should be aware that Eligible Green Projects may not deliver the environmental benefits anticipated, and may result in adverse impacts. On this basis, all and any liability, whether arising in tort, contract or otherwise which any purchaser of GTC Green Bonds or any other person might otherwise have in respect of this Framework or any GTC Green Bonds as a result of any failure to adhere to or comply with this Framework is hereby disclaimed to the fullest extent permitted by law.