

Globalworth Green Bond Framework

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1. Strategy and rationale

Globalworth Real Estate Investments Limited (“Globalworth”, “GWI” or the “Group”) is a leading real estate company with a primary focus on Poland and Romania, the two largest markets in Central and Eastern Europe (CEE).

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

Globalworth, since its inception in 2013, 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. The Group aims at creating sustainable value for its shareholders and other stakeholders by focusing on “People, Places and Technology”.

As at 31 December 2019, Globalworth had a real estate portfolio valued at €3.0 billion, managed by an internal team of c.240 professionals mainly located in Poland and Romania, of which c.€2.3 billion was in environmentally certified properties with BREEAM (Very Good or higher), LEED (Gold or higher) or EDGE accreditations. In addition, in 2019 it actively supported several social initiatives in Poland and Romania contributing over €0.95 million to such causes, while its Globalworth District community programme which run throughout the year held more than 30 events in the Groups’ properties where it hosted over 150k people from its buildings and communities. In addition, as part Globalworths’ effort to promote technological innovation, underpinned by its belief of the positive impact technology can have on real estate for both tenants and investors alike, the Group invests directly or indirectly in selected opportunities and initiatives, including technology-related venture capital funds, focusing on real estate solutions in the domain of smart buildings/smart city, mobility and energy, property automation and real estate software.

The Group is also a member of a key industry initiatives, such as the European Public Real Estate Association (“EPRA”), the Urban Land Institute (“ULI”) in Poland and the Romania Green Building Council. By participating in such task groups with leading professionals, developers, consultants, engineers and manufacturers, Globalworth gains practical insights into innovative solutions for effective property management and access to information on upcoming legislation and the process of EU law transposition to region.

Globalworth in 2018, established the Globalworth Foundation (the “Foundation”), an entity 100% owned by the Group, responsible for overseeing its various ESG initiatives. The Foundation, alongside the whole Globalworth team, works to ensure that the Group acts consistently in an ethical and sustainable manner. The Foundation, operates independently and is governed by its Board of Trustees, whose main responsibilities are to ensure the Group acts consistently in an ethical and socially responsible manner, and oversees the allocation of the Groups resources to the various ESG activities.

Furthermore, the Group’s Board of Directors places significant importance on the roles of business ethics, sustainable development and corporate social responsibility within the overall

approach to governance. It is the Board's belief that this creates long-term value for the Group, its shareholders, its people, its community and the environment. Consequently, the Group has tried to ensure that its progress in this domain is keeping in line with its overall growth.

Globalworth, is a committed advocate of adhering to the highest ethical principles and the importance and benefits of maintaining high environmental and sustainable standards. The Group's Code of Conduct (the Code) is a key guide designed to help its companies connect with its values and set out expectations for everyday behaviour.

The principles and requirements set out in the Code must be adhered to by its employees, its partners and anyone providing services to the Group. In addition, since the adoption of the Code all contractors, suppliers and other service providers have been asked to agree to follow parts relevant to them.

Globalworth is committed to supporting 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.

In 2019 Globalworth conducted a materiality analysis process aiming at identifying the topics with the most material economic, social and environmental impacts on its people, communities and the environment and "connected" them with the relevant SDGs. By embracing the relevant to the Groups business SDGs and working towards their achievement, via specific programs, it has had the opportunity to connect its overall business with national and global priorities.

Globalworth also acknowledges that maintenance of environmental and social standards leads to decrease of costs and increase of the value for both the Group and our stakeholders. The Group is committed to a responsible, comprehensive, pragmatic and sensible approach to ensure high standards in environmental, social and ethical matters. Environmental concerns are taken into consideration at all levels within the Group and in all matters, including all stages of the investment cycle, handling of natural materials, innovation, management of assets and procurement.

Therefore, in connection and compliance Group's internal rules, the Policy, and framework approved by the Foundation, the main principles of the Group are (the "**Principles**"):

- Recognise sustainable development as a Group priority.
- Perform its activities responsibly for both our shareholders and stakeholders.
- Integrate efficient and sustainable operating policies, procedures and actions.
- Be accountable as a team of professionals for environmental stewardship.
- Work with its shareholders and other stakeholders to make environmentally responsible decisions.
- Communicate its efforts and promote its achievements to help set high industry standards.

Globalworth 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.

Globalworths' commitment to sustainable properties is evidenced overtime, as the Group, in terms of value, had €193 million in green certified properties in 2014, increasing to €2.3 billion at the end of 2019. At 31 December 2019, the Group had 43 green certified properties accounting for 81.3% and 81.1%, by value and contracted rent, of its standing commercial portfolio. The majority of the properties were certified with BREEAM accreditation (62.3% of standing commercial portfolio by value), followed by LEED (17.1%) and EDGE (1.7%), with the remaining of the portfolio being at different stages of green accreditation.

Globalworth has elected to create a Green Bond Framework which is in accordance with the ICMA Green Bond Principles 2018¹. Under the present Framework GWI can issue Green Bond(s) to finance Eligible Projects, as set out below.

For each Green Bond issued, GWI 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. GWI 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.

2. Use of proceeds

Proceeds of GWI Green Bonds will be allocated to finance or refinance projects that meet the following Eligible Criteria:

Eligible Category	Eligibility Criteria ²	Environmental benefits
Green buildings	<ul style="list-style-type: none"> • Acquisition, construction or refurbishment of buildings which meet recognised standards³ for best practices in energy and resource efficiency and low-GHG emissions. Such as: <ul style="list-style-type: none"> • BREEAM (Excellent and above) • LEED (Gold and above) 	<ul style="list-style-type: none"> • Energy savings • GHG emissions reduction



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

² GWI will not finance/ refinance any project concerning buildings for the purpose of extraction, storage, logistics, transportation or manufacture of the sectorial exclusion list on Appendix 2 of this Framework.

³ GWI may refinance projects with recognized certifications no older than 5 years.

<p>Energy Efficiency</p>	<ul style="list-style-type: none"> • Building renovations Renovations or refurbishment of existing buildings not contemplated under the “green building” category, subject to: <ul style="list-style-type: none"> ○ Major renovations⁴: The renovation is compliant with the requirements set in the applicable building regulations for ‘major renovation’ transposing the Energy Performance of Buildings Directive (EPBD), meeting cost-optimal minimum energy performance requirements in accordance with the EPBD. ○ Renovations for relative improvement: Individual or set of renovations delivering within a maximum of 3 years a reduction of Primary Energy Demand of at least 30% in comparison to the energy performance of the building before the renovation(s). • Individual measures Individual measures reducing energy use and/or carbon emissions for the operational phase of the building. A list of eligible individual measures can be found under Appendix 1 of this Framework. 	
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All of GWI’s Eligible Green Projects contribute to the environmental objective of climate change mitigation and the achievement of UN Sustainable Development Goals, specifically:

Project Category	UN Sustainable Development Target Contributed To	
Green Buildings		7.3. By 2030, double the global rate of improvement in energy efficiency
Energy Efficiency		7.3. By 2030, double the global rate of improvement in energy efficiency

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.

⁴ Renovation of a building where: (a) the total cost of the renovation relating to the building envelope or the technical building systems is higher than 25 % of the value of the building, excluding the value of the land upon which the building is situated; or (b) more than 25 % of the surface of the building envelope undergoes renovation.

3. Project Evaluation and Selection

The Project Evaluation and Selection Process will ensure that the proceeds of GWI 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

GWI is committed to high standards in environmental, social and ethical matters. As such, all of GWI'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 equivalent recognizable accreditations 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 Globalworth 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

Eligible Projects will be evaluated and selected by Globalworth's "Green Bond Committee", together with the assistance of the Group's relevant teams (such as the investment, project management or legal team). The process will be chaired by GWI's Deputy Chief Investment Officer.

On an ongoing basis, eligible Use of Proceeds from GWI'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) GWI internal policies, and (iii) local regulations. On the basis of the screening process, the Green Bond Committee will recommend eligible projects for inclusion as Eligible Use of Proceeds to the Board of Directors of Globalworth, 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 GWI Green Bonds are outstanding, in the case of divestment or cancellation of a project to which proceeds have been allocated, GWI 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

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

GWI will strive, within 24 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, GWI 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, Globalworth 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 Environmental Objectives per Green Project category, GWI will provide impact report using the metrics recommended under the Harmonized Framework for Impact Reporting⁵ namely:

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)
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 gains relative to an established baseline

6. External Review

GWI has engaged Sustainalytics to provide an External Review in the form of a Second Party Review on the GWI Green Bond Framework and confirm alignment with the GBP 2018⁶.

The External Review has been made public on GWI's website.

GWIs annual reporting will also be subject to External Review which will be accessible on GWI website.

⁵ Harmonized Framework for Impact Reporting, June 2019, ICMA

⁶ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Appendix 1: Eligible individual measures

GWI could allocate proceeds of Green Bonds to finance or refinance individual measures on its buildings. The individual measures should aim to reduce energy use and carbon emissions for the operational phase of the building. A list of eligible individual measures can be found below:

- 1) Individual measures complying with (1) minimum requirements set for individual components and systems in the applicable national regulations transposing the Energy Performance Building Directive (EPBD) and (2) Ecodesign requirements pursuant to Directive 2009/125/EC:
 - Addition of insulation to the existing envelope components, such as external walls, roofs (including green roofs), lofts, basements and ground floors (including measures to ensure air-tightness, measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation to the building envelope (mechanical fixings, adhesive, etc.).
 - Replacement of existing windows with new energy efficient windows.
 - Replacement of existing external doors with new energy efficient doors.
 - Installation and replacement of HVAC and domestic hot water systems, including equipment related to district heating service.
 - Replacement of inefficient boiler or stove with highly efficient condensing boiler
- 2) Other building individual measures:
 - Replacement of old pumps with efficient circulating pumps as defined in Art. 2 of EU Regulation 622/2012
 - Installation of zoned thermostats, smart thermostat systems and sensing equipment, e.g. motion and day light control.
 - Installation of efficient LED lighting appliances and systems
 - Installation of Building Management Systems (BMS) and Energy Management Systems (EMS).
 - Installation of charging stations for electric vehicles.
 - Installation of smart meters for gas and electricity
 - On-site installation of solar photovoltaic systems (and the ancillary technical equipment).
 - On-site installation of solar hot water panels (and the ancillary technical equipment).
 - On-site installation and upgrade of heat pumps contributing to the targets for renewable energy in heating and cooling in accordance with Directive 2018/2001/EU (and the ancillary technical equipment).
 - Installation of thermal or electric energy storage units (and the ancillary technical equipment).
 - Installation of heat exchanger/recovery systems.

Appendix 2: Sectorial exclusions

GW will not finance/ refinance any project concerning commercial buildings for the purpose of extraction, logistics, storage, transportation or manufacture of:

- Nuclear power generation.
- Fossil fuel production and fossil fuel power generation.
- Rail infrastructure dedicated for transportation of fossil fuels.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans.

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