

Urbanity ESG Strategy



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Message from the CEO

At Urbanity, we believe that through a responsible approach to business, we will achieve a safer future and prosperity. We are a purely Czech real estate group operating in the commercial real estate segment. We construct sustainable manufacturing campuses, placing a strong emphasis on the use of clean energy sources, the creation of a comfortable working environment and supporting the development of local communities.

Shifting the ecological and energy standards of our facilities to a higher level has a societal impact.

Meaning, utility and sustainability are key criteria for us, as detailed in our new ESG strategy (Environmental, Social and Governance). Our objectives are ambitious, designed to address the major challenges of today, such as climate change, rising prices of fossil fuels and droughts. We want to achieve carbon neutrality and local energy independence in our projects, reduce material and water consumption and contribute to the protection of biodiversity and improvement of ecosystems.

Together we will achieve a positive change.

Ing. Roland Hofman, MBA (CEO)



Business Model and Strategy

We contribute to the transformation to a carbon-neutral economy.

URBANITY Development a.s. (Urbanity) was founded in 2011 with the aim of building sustainable manufacturing campuses with a strong emphasis on the use of clean resources, the creation of a comfortable working environment and development of local communities. The main field of our activity is construction, rental and property management.

Our business model is focused on meaningful, sustainable and considerate development. With a sense of responsibility, we moderate the possible impacts of our activities on the environment, strive for mitigation and adaptation to climate change, and positively participate in the transformation of the economy towards carbon neutrality.

We strive to achieve the best standards for green buildings, using the EU Taxonomy Regulation on the establishment of a framework to facilitate sustainable investment (hereafter EU Taxonomy) as a benchmark. Instead of greenfield construction, we rehabilitate brownfields where we improve existing buildings to extend their lifespan or build new sustainable buildings using state-of-the-art materials and technologies to ensure they are highly energy efficient and have the smallest possible carbon footprint.

Our goal is that all buildings comply with the technical screening criteria and the "Do No Significant Harm" principle of the EU Taxonomy. All our activities are carried out in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Furthermore, we strive to ensure that our activities within the framework of construction and real estate management contribute positively to the achievement of common goals in the area of saving natural resources and materials, circular economy, waste elimination and biodiversity protection.

Sustainability Management

ESG aspects are an integral part of our business strategy.

The emphasis on sustainability is reflected in all business activities of the Urbanity group. We also place high demands on our external suppliers in this regard.

ESG management is integrated in all senior management functions of the company.



Strategic Goals and Commitments of Urbanity

<p>Natural Environment</p> <p>We operate within ecological limits to make our real estate assets sustainable in the long term.</p>	<p>Energy and climate change</p>	<p>We want to achieve carbon neutrality and local energy independence. To this end, we construct new sustainable buildings using the most modern materials and technologies ensuring their high energy efficiency, and we implement renewable resource projects.</p>
	<p>Transportation</p>	<p>We develop infrastructure for low-carbon means of transportation in real estate.</p>
	<p>Minimisation of raw material consumption and waste</p>	<p>We primarily renovate old buildings on brownfields, thereby reducing material consumption and waste. We plan to continuously transition to a circular economy, maximize the use of recycled and sustainable materials in new properties and major renovations, and ensure the maximum rate of waste recycling at all levels.</p>
	<p>Biodiversity</p>	<p>We want to positively contribute to the increase in biodiversity and the improvement of ecosystems in our projects.</p>
	<p>Water consumption efficiency</p>	<p>We minimize water consumption, especially in the areas at risk of drought.</p>
	<p>Pollution reduction</p>	<p>We minimize water pollution, emissions of polluting substances, light pollution and noise.</p>

<p>Social</p> <p>We want everyone to enjoy a happy and healthy life in communities and workplaces.</p>	<p>Workers</p>	<p>We strive to set good working conditions and high safety and health protection standards not only for our own employees, but also for workers, suppliers and tenants.</p>
	<p>Local communities</p>	<p>Our goal is to be a good neighbour and a responsible and reliable partner creating a pleasant, attractive and socially vibrant place for both work and life in localities where we operate.</p>
	<p>Governance</p> <p>We respect rules, behave ethically in our business and supplier chain and constantly strive for best practices. We transparently disclose our performance.</p>	<p>Responsible behaviour</p> <p>We comply with ethical norms and standards of responsible behavior.</p>
<p>G</p>	<p>Human rights</p>	<p>We want to ensure respect for human rights in all activities related to the construction and operation of our properties.</p>

Key Topics, Goals and Measures

Urbanity's sustainability strategy focuses on the most significant areas in which the construction and operation of real estate have an impact on the environment and society. At the same time, we take into account global problems, the solution of which requires the transformation of the economy, especially climate change and the consumption of materials.

We also focus on the specific impacts of our projects on the surrounding environment, from both an environmental and social perspective, for example with regards to biodiversity, communities and transport infrastructure.

Part of our strategy is to ensure good working conditions not only for our own employees, but also for the employees of our key service suppliers and the users of our properties.

Across all topics, we focus on the maximum possible reduction of

unavoidable negative impacts, such as energy consumption, prevention of potential impacts and maximization of positive impacts in the sense of improving ecological and social conditions that are directly related to our activities.

An integral part of our sustainability strategy is the due diligence policy and process that Urbanity implements to identify the actual and potential negative impacts of its activities and their solutions.

We focus on the concrete impact of our projects on the surrounding environment.



Energy and Climate Change

The real estate sector is one of the biggest polluters in the current climate crisis. Buildings consume approximately 40% of the world's energy and contribute to up to 30% of global annual greenhouse gas emissions. We therefore have the opportunity to achieve positive impacts with our strategy, even beyond reducing our carbon footprint, for example by developing our own production of energy from renewable sources and contributing to energy decentralization.



We install rooftop solar panels and use geothermal energy.

Our Commitment

At Urbanity, we support the European goal of achieving net zero greenhouse gas emissions by 2050 and, in line with the goals of the Paris Agreement, to limit global warming to 1.5°C. We are moving towards carbon neutrality, decarbonisation and energy self-sufficiency, i.e. maximum independence from public distribution networks.

Our Key Strategies and Goals

Our goal is to create decentralized community energy blocks with local energy production and transmission, using primarily renewable sources, cogeneration, accumulation, storage, sharing, transformation and smart management optimizing energy flows.

In terms of energy efficiency, we want to achieve level "A" (extremely energy efficient) for at least 80% of our buildings and level "B" for the rest. In this regard, we strive to bring our real estate portfolio as close as possible to the criteria of the EU Taxonomy

of Sustainable Activities, i.e. achieving a 10% reduction in the energy demand of new buildings compared to the standard for buildings with almost zero energy consumption.

Our buildings are awarded the BREEAM certification of at least the "very good" level. Urbanity strives to gradually reduce the energy intensity of owned properties and achieve a neutral or positive carbon footprint.

- We build new sustainable and considerate buildings using the most modern materials and technologies, ensuring their maximum efficiency with the smallest possible carbon footprint.
- We carry out renovations aimed at higher energy efficiency and overall reduction in energy consumption and we are continuously installing more energy-saving technology.
- We identify opportunities for the implementation of renewable energy projects: we install rooftop solar panels, use geothermal energy and plan to engage local wind farms.
- We have set up processes to monitor the energy demand of the portfolio and its reduction.

Sustainable Transport

The availability of public transport and infrastructure for low-carbon means of transport as well as walking and cycling are an important factor in reducing energy consumption, which Urbanity can affect. Our properties inevitably generate traffic, but they also provide an opportunity to address the problem of missing infrastructure.

Urbanity's properties inevitably generate traffic, but they also provide an opportunity to address the problem of missing infrastructure.

Our Commitment

At Urbanity, we are developing infrastructure for low-carbon means of transport within all of our properties.

Our Key Strategies and Goals

We apply the concept of "Cities of short distances" with significant support for pedestrian and bicycle lanes, connections to elements of urban and intercity bus and train transport but also bike-sharing and electromobility.

- We modernize, modify and increase the capacity of existing public transport infrastructure.
- We support electromobility, all buildings are equipped with charging options, we are gradually replacing our own fleet with electric cars.
- We identify opportunities for the introduction of infrastructure for pedestrians and cyclists.



Circular Economy

The construction of real estate is associated with a large consumption of materials, extraction and processing that significantly contribute to the production of greenhouse gas emissions. The construction materials industry, especially cement production and timber extraction, generates a significant volume of greenhouse gas emissions and often has local environmental impacts at the extraction site. The circular economy is therefore a key topic for Urbanity, specifically with regard to the need to minimize the use of non-recyclable and unsustainable resources and the production of non-recyclable construction waste.

We do not demolish buildings on brownfields but renovate them.

Our Commitment

At Urbanity, we want to continuously transition to a circular economy and to maximize the use of recycled and sustainable materials in new buildings and during major renovations. We also want to ensure the maximum rate of waste recycling at all levels.



Our Key Strategies and Goals

We ensure that at least 70% of safe construction and demolition waste is ready for reuse and recycling. At the same time, we minimize the consumption of raw materials and prevent the generation of waste by renovating brownfield buildings instead of demolishing them.

- We require the builders to ensure the recycling of construction waste.
- We ensure waste recycling in all managed buildings.
- We improve and repair existing buildings to extend their lifespan and reduce their energy consumption and carbon footprint.
- In the case of demolition, we reuse or recycle materials directly on or next to the construction site.
- We have a waste management plan to ensure maximum reuse and recycling of materials at the end of their life cycle.
- We use components and equipment that have high durability and are recyclable, easy to disassemble and repair.

Biodiversity and Ecosystems

Biodiversity loss and the collapse of ecosystems are the biggest environmental threats humanity will have to face in the next decade, alongside climate change. Urbanity tries to tackle the loss of biodiversity with precisely targeted measures in the areas of combating climate change and the use of natural resources, especially with regard to biodiversity in local contexts. Sensibly designed buildings and their surroundings can have minimal impact and even create or positively influence natural habitats and local ecosystems. At the same time, expansion of green areas has a direct positive impact on biodiversity.

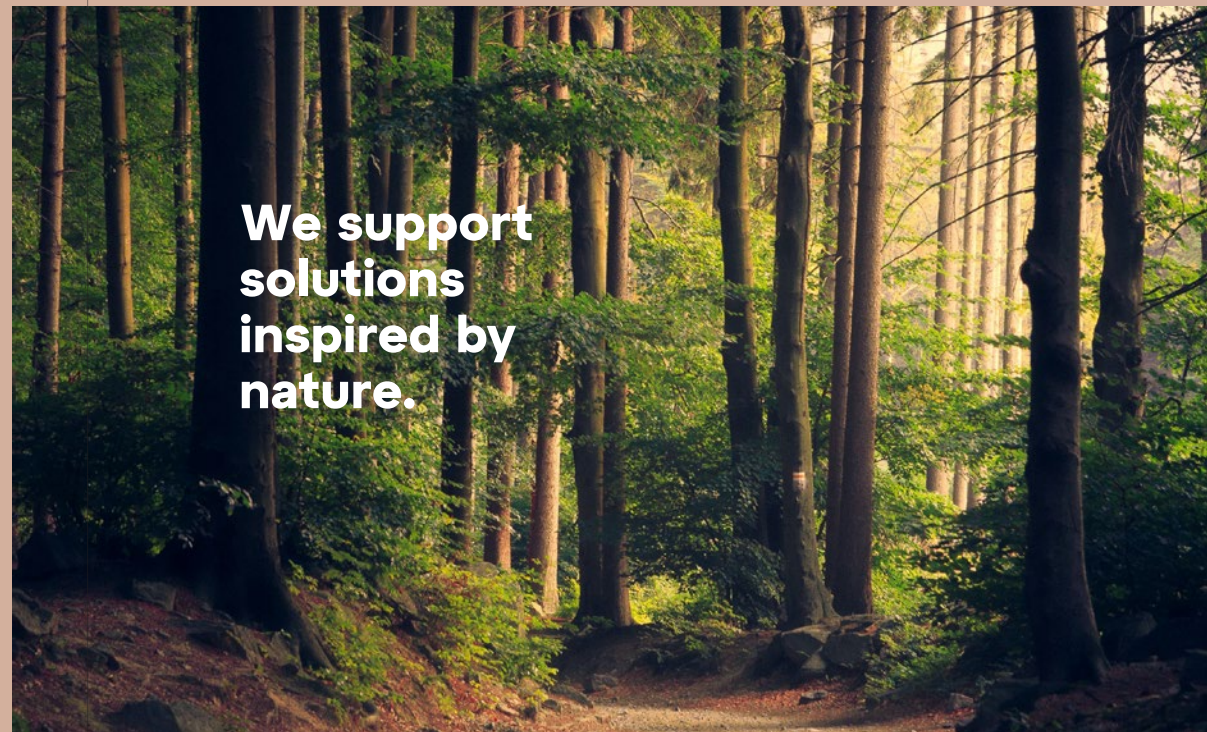
Our Commitment

We support the 2030 European Biodiversity Strategy. Our goal is to contribute positively to the increase of biodiversity and the improvement of ecosystems through our projects. In addition, we aim to reduce global pressure on biodiversity through our strategy on climate change, energy consumption and raw materials.

Our Key Strategies and Goals

We conduct our projects in a way that does not cause irreparable harm to biodiversity. We systematically incorporate support for healthy ecosystems, green infrastructure and solutions inspired by nature into the planning of buildings and their surroundings. Urbanity places a high priority on creating blue-green infrastructure to ensure a healthy environment and to avoid to heat island effect in a given location.

- We do not build properties in protected areas.
- Instead of building on greenfields, we revive brownfields around undeveloped building sites with a long-standing tradition and local identity.
- We carry out above-standard recultivation of the surroundings, thereby significantly limiting the occupation of valuable arable land.
- We respect and protect local ecosystems, preserve existing natural habitats and contribute to increasing natural biodiversity
- We respect the landscape character of the local environment.
- We prepare and implement management and maintenance plans for landscaping and planting to ensure that ecological objectives are met and maintained in the long term.
- We prepare biodiversity assessments as part of the environmental impact assessment of our projects.
- We maximize the proportion of green areas.



We support solutions inspired by nature.

Minimum Water Consumption and the Use of Water Resources

The Czech Republic is at risk of more frequent long periods of drought due to climate change. At Urbanity, we try to minimize these risks by rationalizing water consumption measures and operation of properties.

We aim to minimize unnecessary water consumption in our projects.

Our Commitment

We strive to minimize water consumption in all aspects of our operations. We exclude any significant pollution of surface water and groundwater in our activities.

Our Key Strategies and Goals

At Urbanity, we identify technological opportunities to reduce water consumption throughout the entire life cycle of our properties.

- We identify risk areas and check whether properties are at risk of water shortages.
- We carry out water management monitoring: we collect water-related data. We evaluate water-related risks and opportunities.
- We ensure that drinking and domestic water consumption is regulated.
- We take measures to minimize anticipated water use throughout the life cycle of the project.
- For new projects, we plan to achieve water savings of at least 5% or 100 m³/year.
- We protect, restore and expand water bodies and ecosystems, we apply elements for retaining, supplying and collecting water in the landscape, we carefully manage rainwater according to the conditions and requirements of the given location, taking into account future climate change.
- We monitor the technological compliance of property equipment with the conditions of the EU Taxonomy of Sustainable Activities in the part of water consumption by water appliances.

Pollution Reduction

The riskiest stage of the Urbanity real estate life cycle is the phase of construction itself. During this phase, one needs to be vigilant for possible water pollution, possibly rain and wastewater, which may be contaminated and may require pre-cleaning.

We introduce measures to reduce dust and noise pollution during constructions.

Our Commitment

We support the EU Action Plan Towards Zero Pollution for Air, Water and Soil on reducing and replacing the production and use of substances of concern and the most harmful substances.

Our Key Strategies and Goals

Our goal at Urbanity is to minimize water pollution, pollutant emissions, light pollution and noise.

- We conduct necessary brownfield inspections to identify potential occurrence of contaminants.
- We identify at-risk brownfield remediation activities and, as a result, the need for measures to minimize pollutant emissions.
- We install automatic outdoor lighting to minimize light smog.
- To reduce noise, we map noise sources that exceed standards, replace old technologies with modern ones, place noise-sensitive equipment in enclosed spaces and on rooftops, and implement anti-noise walls.
- We apply measures to reduce dust, noise and other environmental pollution during construction or maintenance work.



Working Conditions and Health Protection

Working conditions and relations mainly include the protection of labor rights, the issue of equal opportunities and the threat of poverty. In accordance with international standards for responsible behavior, Urbanity can positively and negatively influence the working conditions of its own employees, as well as those in its supply chain, especially managers and suppliers of key services.

We strive to protect the health and mental well-being of our workers.

Our Commitment

We guarantee the protection of labour rights and equal opportunities for all our employees. We strive to ensure good working conditions, which enable a satisfactory work-life balance.

We are committed to monitoring, preventing and, where appropriate, mitigating negative impacts that workers of key service providers may face in the construction and operation of real estate. When significant impacts are identified, we will seek to ensure remediation.

We strive to protect the health, mental well-being and performance of our employees and to achieve a zero incidence of serious work-related injuries and illnesses of our employees and all workers involved in the construction and operation of our properties.

Our Key Strategies and Goals

Our goal is to ensure that the labour rights of all workers involved in the construction and operation of the property are respected. We ensure that health and safety regulations are strictly adhered to within our own operations and by service contractors during the execution of construction work.

- We are guided by the International Labor Organization's Declaration on fundamental principles and rights at work.
- We implement equal opportunity measures.
- We strive for gender and age balance in our team, which is made of promising students and senior professionals with international experience.
- We foster diversity in the workplace. We support the employment of people with disabilities.
- We do not tolerate any form of discrimination or unethical working practices.
- We support the personal and career development of our employees.
- We adhere to the principles of work-life balance. We allow flexible forms of work.
- We provide employees with a qualitative, pleasant and friendly, safe and healthy working environment.
- We have automated and robotized routine activities with the help of artificial intelligence so that employees can engage in more developmental and creative activities.

Communities and End-Users

Real estate development has an impact on local communities. To ensure that the impact is predominantly positive, we engage with local communities and their representatives, allowing them to influence key decisions about new projects. At Urbanity, we create a new generation of industrial parks. We do so in locations where their users are already present, therefore they do not have to relocate or commute. We place particular emphasis on the quality of the working environment and the comfort of employees and users.

Our Commitment

Our goal is to be a good neighbour and a responsible and reliable partner, making the neighbourhoods we operate in pleasant, attractive and socially vibrant places for people to work and live in, motivating young people to stay in traditional regions.

Our Key Strategies and Goals

We want to positively and respectfully develop the communities we are an integral part of. We try to improve the economic situation, ensure the development of new investments and new jobs locally, strengthen and supplement existing economic activities in the region. Urbanity is part of the Association for the Development of Technical Vocational Education and

Development of Human Resources (TEO) in the Tachov region.

Our campuses (Tachov and Bruntál) aspire to secure the BREEAM Communities certification, which emphasizes the sustainable, healthy, functional and beneficial development of a given location, monitoring environmental and social impacts on immediate surroundings and communities.

- As part of our development work, we take into account local characteristics through colour

design, architectural style, height and shape, the continuity of building styles in line with the surroundings, we preserve historical elements and use public art.

- Our campuses offer above-standard amenities not only for our clients, but also for local communities – restaurants, café, mini-market, fitness, club and relaxation zones, training and conference rooms, doctors, dentists, massage services, nurseries, hotel-type accommodations, bicycle



parking, charging stations, availability of public transport and forest park.

- We modernize, adapt and enhance existing transport, technical, civic and community infrastructure, facilities and public spaces.
- We actively create opportunities for shared use of infrastructure with the local community.
- We provide significant support to community groups to secure

and retrofit one or more community facilities as part of our projects.

- We emphasize multifunctionality with respect to a wide range of users and visitors, safety, comfort and elimination of distractions.
- We involve representatives of local communities as well as existing and future users in shaping our projects with significant opportunities to influence key decisions.

We engage our employees in social responsibility projects.



- We work with local governments.
- We support social interactions and local development.
- We provide and facilitate jobs and new opportunities for local businesses and small entrepreneurs.
- We contribute to the legacy of local education and skills initiatives for residents and businesses increasing expertise and skills.
- We support cultural and social activities.
- We support charity associations.
- We engage our employees in social responsibility projects.

Responsible Behaviour

At Urbanity, we put measures in place to ensure effective management with regard to monitoring risks associated with negative impacts on sustainability. In addition to the environmental and social impacts identified in the previous categories, our management system provides assurances regarding the prevention of corruption risks in all our activities and compliance with tax obligations.

Our Commitment

At Urbanity, we have zero tolerance for corruption, money laundering and all practices of dishonest behavior. We build long-term relationships with partners and employees based on mutual trust, respect and prosperity.

Our Key Strategies and Goals

Through an effective management system, we aim to ensure a transparent, fair and responsible approach in dealing with clients, partners and employees, as well as compliance with legal and ethical standards.

- We only apply practices that are consistent with the OECD Guidelines for Responsible Business Conduct.
- We adhere to the UN Guiding Principles on Business and Human Rights.
- We have an established Code of Ethics and Supplier Code Conduct.
- We comply with data protection and privacy rules and have cyber security features in place.
- We motivate management to achieve ESG goals.



Respect for Human Rights

At Urbanity, we are only active in countries with comprehensive human rights protections and therefore risk of any interference with these rights is low. Given the high severity of potential negative impacts caused by such interference, we apply a broad approach with regard to vulnerable groups.

Our Commitment

We focus on the respect for the rights defined in the Universal Declaration of Human Rights and the International Labour Organisation Conventions, in particular with regards to the prohibition of child and forced labour, the protection of collective rights, equal pay and non-discrimination.

Our Key Strategies and Goals

Our goal is to eliminate all human rights violations in our activities and properties, regardless of who caused them and who is affected by them. To this end, the following measures are taken:

- rules for community engagement,
- due diligence process,
- complaints and whistleblowing system to detect human rights violations, which is opened to employees, property managers, service providers and tenants.



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