Activity Report

Hillwood in Poland

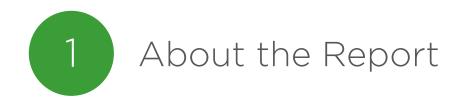


Table of Contents



1. About the Report	4
2. About Hillwood	5
3. Key ESG Activities	6
4. Environment	7
4.1. Energy	8
4.2. CO ₂ Emissions in the Building Life Cycle	9
4.3. Renewable Energy Sources	9
4.4. Shadow Metering	10
4.5. Water	10
4.6. Waste	11
4.7. Sustainable Materials	12
4.8. Biodiversity	13
4.9. Independent Verification - BREEAM Certificates	14
4.10. Responsible Building Management	15
4.11. Hillwood Buildings and the EU Taxonomy Guidelines	16
4.12. Reduction of Light Pollution	18
4.13. Case Study - Hillwood Łazy	19
5. Community and Employees	21
5.1. Safety Requirements for the Construction Site	22
5.2. Responsible Neighbor	22
5.3. Building Use Restrictions	23
5.4. Talent Management	24
5.5. Diversity and Inclusion	24
5.6. Health and Safety	25
5.7. Charitable Activities	26
6. Corporate Governance	28
7. Conclusion	29





Dear Sir or Madam,

We invite you to review the latest report, which highlights **Hillwood Poland's** commitment to sustainability.

Since the beginning of our operations, we have aimed to deliver the highest quality buildings to meet the expectations of our most demanding users. We are open to the changing environment and new challenges, seeking innovative solutions to meet the demands of our clients, business partners, and local communities. Our company believes that conducting business in accordance with social and environmental responsibility principles is the key to success, and our sustainable development strategy forms the foundation that determines our actions.

In this report, we detail our initiatives in the areas of environmental protection, corporate social responsibility, and strong governance practices.

Our projects stand out not only for their high standards, but also for their individual approach to construction. Our company's success is due to the competent experts and specialists on our team, as well as our reliable business partners.

We proudly present this report summarizing our joint efforts to raise the standards of sustainable development.

Enjoy! The Hillwood Poland Team





Local Experience with a Global Perspective

We are a renowned, international investor and commercial property developer with more than 35 years of experience in the execution of investment projects both in Europe and North America. We have been operating in the Polish market since 2014, specializing in the construction of modern logistics and industrial centers tailored to the individual needs of clients (BTS), as well as offering them for lease. Our operations extend to acquisitions and property management within Poland's key warehouse markets, including Warsaw, Central Poland, Wrocław, Poznań, and Upper Silesia.

Dur activity:







>>>>> Sustainable business development

Sustainable development is an integral part of our business strategy. Our goal is to create value not only for our business partners but also for future generations.

Our activities include the construction of facilities for various types of companies, but also for local communities, whose needs we consider throughout the entire investment process. Our success is not measured solely by the number of square meters. We focus on the satisfaction of our team, business partners, and, most importantly, the end users of our projects.

WHY Key activities executed within ESG:

Environment	Community and employees	Corporate governance
 Reduction of the demand for primary energy and CO₂ emissions Energy from renewable sources Efficient water management Improvement of biodiversity Initiative to reduce light pollution 	 "Responsible neighbor" program Talent management Health and safety Local initiatives 	• Initiatives, studies and implementation of principles (rules) of good practices



Our commitment to environmental care begins at the early stages of investment preparation. One key initiative is remediating brownfield sites, brownfield projects, which allow for the revitalization and renewal of urban areas affected by industrial activities, thereby minimizing the negative impact of our activities on the environment. A testament to the green technologies employed in **Hillwood** warehouses is the preparation of all new investments for certification under the **BREEAM** system. In the process of creating logistics centers, we pay attention not only to the buildings themselves but also to their harmonious integration with the surrounding environment. All our newly constructed projects are certified in the **BREEAM** system at a minimum level of Excellent. In 2023, 11 of our previously built facilities received the **BREEAM In-Use** certification, also at the Excellent level.

Hillwood environmental initiatives:



Reducing energy consumption



Renewable energy sources



Biodiversity



Reduction in waste production



Emission reduction



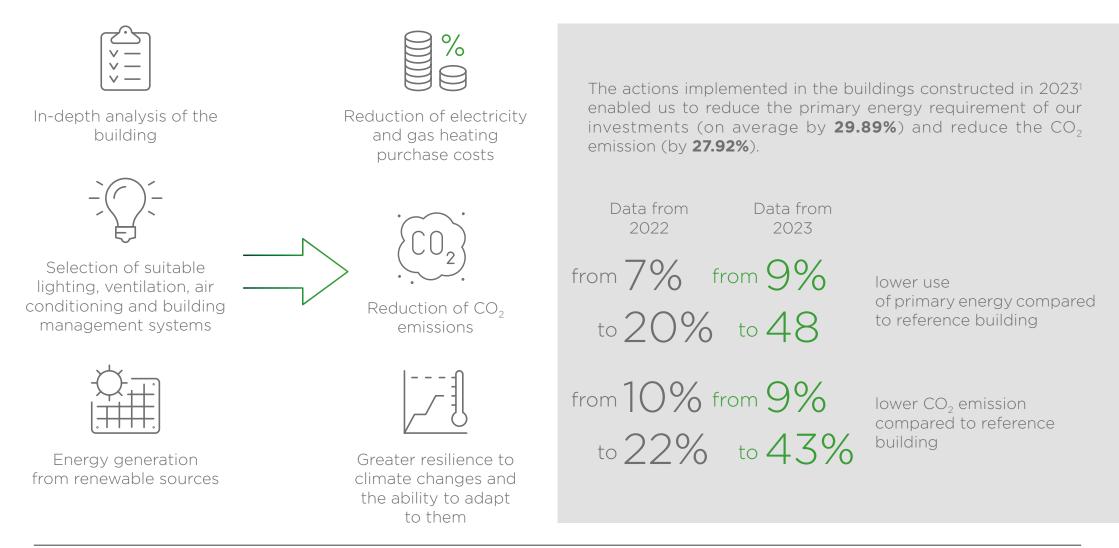
Efficient water management



Initiative to reduce light pollution



We construct new logistics and industrial parks to achieve the highest possible energy efficiency, resulting in:



(4.2) CO₂ Emissions in the Building Life Cycle

All **Hillwood** investments undergo a thorough assessment of their operational environmental impact and embodied carbon footprint. We conduct a comprehensive life cycle assessment (LCA) of the building in accordance with the EN 15978 standard and the requirements of the **EU Taxonomy** and **BREEAM** certification standards. Based on the obtained results, we make informed decisions by introducing ecological innovations and solutions.

>>>>> Conclusions from building evaluation²:

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Annual $\rm CO_2$ emissions benchmark for Hillwood investments at roughly 33 kg $\rm CO_2e/m^2/year$



One key aspects of **Hillwood's** ecological strategy is not only the reduction of CO_2 emission but also the production of energy from renewable sources.



Each newly constructed building is equipped with photovoltaic installations with a minimum capacity of **50 kWp**. Depending on the location, the availability of the mains and the specifics of the investment, we individually assess the possibility of increasing this capacity.



Emission reduction up to 13.81 kg CO₂e/m²/ year, which corresponds to emission savings of approximately 28%



From January 2022 to December 2023, we have put into operation PV installations with a total capacity of nearly **500 kWp**. As a result, we have managed to produce over **370 MWh** of clean electricity and reduce CO₂ emissions by **253.45 Mg.**³



One of the tools supporting energy efficiency in our buildings is shadow metering.



>>>>> Modern devices make it possible to:





Remote reading (quick process of data collection and analysis) On-going monitoring of utility consumption We have implemented standardized guidelines for maximum water flows in our devices, resulting in a significant reduction in consumption – by up to **3,700 m³** annually – across all our buildings. It's worth noting that the water consumption level achieved as a result of these actions is **66% lower** than the requirement in **BREEAM** certification, compared to a reference building with standard parameters. The next step in better monitoring water consumption was the installation of additional meters for devices or areas consuming more than **10%** of the total water demand.



Quickly identify irregularities in energy, gas, or water consumption



Analyze opportunities to reduce usage within energy-intensive buildings



3,700 m³

Reduced water consumption in Hillwood buildings per year

66%

Lower water consumption compared to the level required by the **BREEAM** certification



As early as the investment planning stage, we use effective practices aimed at minimising the amount of waste produced. We have developed detailed guidelines for waste management based on the following assumptions:



at least **70%** of waste (by weight) from construction and demolition activities should be recycled.



Level resulting from the European Union Taxonomy:

at least **70%** of non-hazardous construction and demolition waste (by weight) (excluding naturally present materials) should be recycled.

Level resulting from the Hillwood standard:

in the investments under these requirements, the amount of construction waste sent for recycling reached **96%**.⁴



Additionally, our production and storage facilities are designed and constructed in a way that makes it possible to easily replace the wearable elements and flexibly adjust the area to possible changes in its function or future expansion. New standards of recycling and waste management also assume the engagement of current and future tenants in the process.



In Hillwood buildings, areas designated for recycling are clearly marked, easily accessible, and equipped for collecting various types of waste. These areas are designed with consideration of the building's specific nature, size, and the anticipated amount of waste.





The core of our environmental strategy involves thoughtfully selecting materials for our developments. Each property has a sustainable procurement plan that precisely defines requirements for suppliers, encouraging them to use materials from ecological sources, reduce waste, avoid toxic substances, and select high-quality and durable materials.

One of the requirements is the sourcing of wood materials. From our contractors, we require documentation of purchasing wood exclusively from legal sources and the use of a minimum of 10 products with environmental product declarations (**EPDs**) type III, issued in accordance with ISO 14025 and EN 15804, in each investment.

••••• Objectives met:



a minimum of 50% of the building materials used in our projects in 2023 comes from recycling



During the construction of new logistic centers, we prioritize **the protection of the surrounding biodiversity**. Each plot undergoes an ecological analysis conducted by a biologist, who assesses the ecosystem value of the area and develops a strategy for preserving or enhancing biodiversity levels. The expert also recommends additional actions, such as planting vegetation, constructing feeders, or installing nesting boxes, aimed at significantly improving biodiversity.



In **2023**, within our investments throughout Poland, we planted:







10,710 m² flower meadows



256 trees

During the construction of our parks:



We conduct on-site training regarding biodiversity for all personnel involved in the development process



We protect trees and other plants from damage



We prohibit storage of materials in the areas that could negatively affect greenery



We revitalise damaged soil and vegetation



We have developed a standard approach to **BREEAM** certification, which covers all stages of investment implementation. Thanks to this procedure, we standardise our properties and fully control what ESG solutions will be used in our projects.

All new **Hillwood** facilities are prepared for **BREEAM** certification at the level of Excellent, which means they will meet a minimum of **70%** of the certification system guidelines. All buildings managed by **Hillwood**⁵ have been awarded **BREEAM In-use** certification at the level of **Excellent**.

BREEAM is an international building environmental certificate created by the British organization BRE Global. With the help of this methodology, it is possible to evaluate any building anywhere in the world. **BREEAM International New Construction V6** was created specifically for buildings outside the UK. It also takes into account local (Polish) building and environmental regulations, as well as customary best practices. During the certification process, the building is evaluated for areas that affect its energy efficiency and is directed toward sustainable functioning. The areas to be verified include:



Energy: Consumption of light energy and carbon dioxide (CO₂)



Ecology: Conservation of biodiversity of flora and fauna



Water: Use of solutions to reduce water consumption



Land use: Development of green areas



In addition to starting new development projects in 2023, **Hillwood** also actively managed the portfolio of existing assets. In order to successfully implement sustainable strategies, we certified all buildings under our management as part of the **BREEAM In-Use** certification system in 2023.

The buildings were awarded **BREEAM In-Use** certificate at the Excellent level, and as part of the certification we implemented a range of solutions that contributed to the realization of sustainable development principles.



Energy: Automatic outdoor lighting control, LED outdoor and indoor lighting (100%)



Comfort of use:

Use of CO₂ sensors in conference rooms (60%), designation of space for carsharing (60%), the possibility of temperature control (100%), amount of fresh air (80%)



Water: Water-saving fittings and the reuse of rainwater (100%)



Biodiversity: Providing more than 20% green areas (80%)



Waste:

Inventory of resources and increasing their reuse and recycling, reduction of primary materials and minimisation of waste, responsible waste management (100%)



In preparing the specifications for our facilities, we also take into account the requirements for non-financial reporting, specifically with Taxonomy (i.e., Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088). **The Taxonomy de-fines the criteria for assessing a buildings impact on six climate objectives**. **Hillwood's** technical standards and implementation methods for facilities incorporate Taxonomy guidelines in each area.



IMPORTANT CONTRIBUTION TO CLIMATE CHANGE MITIGATION:

During the design phase of our new facilities, we systematically analyze opportunities to reduce primary energy consumption, and the optimizations introduced contribute reductions up to 20%. Upon completion of construction, thermographic surveys are conducted to assess the overall greenhouse gas impact throughout the building's lifecycle, including its embodied carbon footprint.



ADAPTATION TO CLIMATE CHANGE:

During the design and construction phase of our facilities, we meticulously analyze areas of climate risk. We also consider the introduction of physical climate risk assessments and the potential implementation of adaptive solutions. In accordance with the requirements set out in Regulation (EU) 2021/2139 of the European Commission, this approach ensures a comprehensive assessment of climate-related risks and potential threats, as well as an analysis of adaptive solutions that can minimize existing physical risks.



Hillwood Buildings and the EU Taxonomy Guidelines



SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES:

In our buildings, we impose stringent requirements for water fittings, in line with the **BREEAM International New Construction V6** methodology, exceeding even the standards set out in the regulations of the European Commission.



TRANSITION TO A CLOSED-LOOP MANAGEMENT:

In the context of implementing the **BREEAM** certification standard, all of our new investments are covered by specific waste management guidelines. The newly introduced policies impose strict requirements on the amount and type of waste generated during construction that is subject to the recycling obligation. The recycling rate on sites run by **Hillwood** in 2023 that were **BREEAM** certified is at least **70%** (by weight).



POLLUTION PREVENTION AND CONTROL:

As part of the strategy of implementing the **BREEAM** certification, we consider design guidelines aimed at reducing pollution emissions. One of the main assumptions is the use of responsible practices at the project execution stage, which leads to the reduction of noise, dust and other pollution emissions.



PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS:

We pay special attention to selecting the appropriate location for our investments. New buildings are not constructed in agricultural areas with average or high soil fertility and high levels of biodiversity, nor in undeveloped areas recognized as having high biodiversity value or areas serving as habitats for endangered species.



The lighting of warehouse buildings often contributes to the emission of artificial light beyond the logistics center area. This sometimes leads to discomfort for neighbors and has a negative impact on the environment. **Hillwood** has introduced solutions aimed at minimizing light pollution. A pilot project to reduce emissions was conducted in Janki-Sokołów in the municipality of Michałowice. The results of this initiative prompted **Hillwood** to implement similar solutions in all new investments.

Lighting system after the **reductions**



Thanks to the following measures **light scattering has been reduced** to ensure more control over the lit area:

- Replacement of traditional luminaries for modern and efficient ones
- Adjusting the angle of inclination and focus of light to
 illuminate only the facility and minimise the lighting of neighboring areas
- Selection of luminaries and lighting devices of appropriate durability (at least 25 years)
- >>> Implementation of the lighting control system

The above actions support, among others, the reduction of the so-called glare of the indirect observer and the minimisation of interference of lighting in the neighboring area.



Hillwood Łazy is a logistics center with an area of over 47,470 sqm of modern warehouse space. The project is located in Łazy, only 22 km from the center of Warsaw. Location in the vicinity of the national road 7 (Al. Krakowska) and the S7 freeway, provides direct connection to the city center, as well as convenient access to the southern S2 ring road and the A2 motorway.



The building has obtained the **BREEAM** International New Construction V6 certification at the Excellent level, and the implemented strategies address the areas of waste, energy, water consumption and the introduction of renewable energy sources.

As early as the design stage, modelling was carried out in terms of energy optimisation of the building, which will translate into a reduction of energy consumption and emissions of the building not only at the construction stage but also during the operation.

Moreover, the emissivity of buildings was determined at the level of **30.56 kg of CO_2/m^2** year, which is **42%** less than in the case of the corresponding base building. The introduction of a photovoltaic installation positively influences the prospect of emission and demand for non-renewable primary energy. The installation will cover an area of 350 m² and will have an installed capacity of **50 kWp**.

What is more, during the construction process, **96%** of waste was recycled.

The plot where the investment was located was analyzed by the ecologist for its ecological value. As part of the activities recommended by the ecologist, the following were planted: **15** trees, **150** shrubs and **250 m²** of flower meadow.



Measured parameter	Parameter
The amount of waste sent for recycling	96.2%
The amount of waste generated during construction	91.94 T
The amount of water used during construction	3,246 m ³
The amount of energy used during construction	62,402 kWh
CO ₂ emission from construction energy	83,618 kg
	9.82 m³/person/year
Water saving	71.63%
Surface	47,141 m ²
PV power	49.755 kWp
Annual CO ₂ emissions planned (model/characteristics)	30.56 kg of CO ₂ /m²/year
	22.40 kg of CO ₂ /m²/year
$\rm CO_2$ savings (according to BREEAM calculations for the base building)	42.28%
Ecological value according to the ecologist	Low rating
Number of parking spaces for bicycles	64
BREEAM Final certificate obtained	Excellent



Our actions are based on the foundations of sustainable **development**: We respect and protect the environment while ensuring that our initiatives benefit both our business partners and local communities. We also actively support social initiatives and non-governmental organisations.

We care about ensuring safe and convenient access to our investment projects. Our properties are strategically located close to major arterial roads and national public transport networks.

When carrying out projects, **Hillwood** often contributes to the modernisation and improvement of the road infrastructure around its investments. One manifestation of these practices is the Hillwood Łazy logistics park.



During the construction of the logistics center in Łazy, Hillwood rebuilt and modernised the access road with a roundabout. The beneficiaries of this investment, fully funded by Hillwood, are not only customers of the logistics center, but also residents of the area.



New asphalt road surface



Additional parking spaces



for bicycles



Rainwater drain system





Bus bays





Despite the widespread knowledge of the basic occupational health and safety regulations, we recognize the investor's crucial role in ensuring strict compliance with these standards. Proper preparation of the construction site is a key aspect of effective project management. In our construction activities, we emphasize the standard use of helmets and reflective vests, proper marking of evacuation routes, and equipping every construction site with first aid kits and contact information for emergency services.



The building regulations contain information on reporting potentially dangerous situations. Our goal is to eliminate accidents.



We conduct regular trainings in the field of health and safety and first aid.



We carry out health and safety inspections and hold companies cooperating with us accountable for possible irregularities.



We organise test evacuations during the construction period.



One of the criteria for selecting the general contractor is for them to have a health and safety management system.

5.2 Responsible Neighbor

As an investor, we place special emphasis on our social responsibility, trying to minimise the impact of our projects on the environment and limit possible disadvantages for residents related to the construction works. To do so, we take the following actions:

- **>>>** Residents are informed of the start of work in advance.
- During the construction process, they are informed about progress through the information board.
- Using the form, neighbors can share their opinions on construction with us.
- During construction, luminaries are directed in such
 a way as not to contribute to the creation of the negative phenomenon of light pollution.



Every property operated by **Hillwood** has building use requirements that include:

Moreover, with the safety of our property users in mind, we have introduced additional measures as part of the **Hillwood** standard, such as:



Rules of evacuation



Options to carry out building checks



Organization of traffic in the property – horizontal and vertical markings regulating traffic of pedestrians and vehicles



Fire Service – implemented depending on the formal and technical options

Connection to the State



Fall arrest system on the roofs



Building alterations



Conditions of carrying out inspections

Security available on the site around the clock and video surveillance (CCTV)



Fire safety audits



Our strength lies in the team, and that is why we constantly invest in its development, trying to improve the qualifications of the employees all the time. Our team has access to various opportunities, from participation in trainings and open conferences, to specially designed training programs aimed at strengthening specific skills. At **Hillwood**, we focus on creating a working environment based on transparent communication, close collaboration and mutual trust.



- **CCIM Certified Commercial Investment Member**
- **MBA for Engineers**
- >>> Postgraduate studies in project management
- Trainings on legal regulations, conducted by leading international law firms
- Individual coaching sessions



Selected internal trainings:

- Learning and improving the knowledge of foreign languages
- **IT** security, ethics and anti-corruption principles
- >>> Trainings on the internal training platform
 - Other trainings with external experts (e.g. time management, image building, negotiations)



Our company prioritises equality and inclusion of all employees, taking care of their comfort in the workplace. We do not discriminate against anyone based on gender, experience, nationality or other characteristics. For us, diversity and inclusion (D&I) prove that even in a very diverse team, you can effectively work together to achieve common goals.



have free access to:



The highest possible medical benefits

Fitness club activities - group and individual exercises with a personal trainer







Fruits and vegetables from organic farming from local suppliers

(5.7) Charitable Activities

Hillwood has been supporting various charitable and social organizations for many years, focusing heavily on our youth. We work locally, where our help is needed.



Key Charitable Actions:

SUPPORT FOR CHILDREN IN NEED:

SOS Children's Villages

Theatre for One Smile at the Instytut "Pomnik Centrum Zdrowia Dziecka" (Children's Memorial Health Institute)

CULTURE:

▶ The "VIRTUOSA" Foundation

HEALTH:

 Main Partner of the Repair of the Interventional Cardiology Simulation Clinic, Main Financial Partner of the Renovation of
 the Main Hall of the Specialist Clinic, Main Financial Partner of the Renovation of the Reception and the Waiting Room of the Centrum Zdrowia Dziecka

Financial support for organisations caring for sick children in Łódź (Fundacja Gajusz, Dom w Łodzi)

LOCAL INITIATIVES:

 Financial support making it possible for talented students
 from the primary school in Żórawina to take part in the
 World Creativity Championship, organized by the Destination Imagination Foundation

*** "Szlachetna Paczka" Foundation

SUPPORTING A HEALTHY LIFESTYLE AND SPORTS ACTIVITIES:

Supporting the activities of: Łódź Hockey Club, SRS Zamienie Football Club, Fabrykanci Basketball Club

Hillwood Volleyball Tournament in Bojkowice



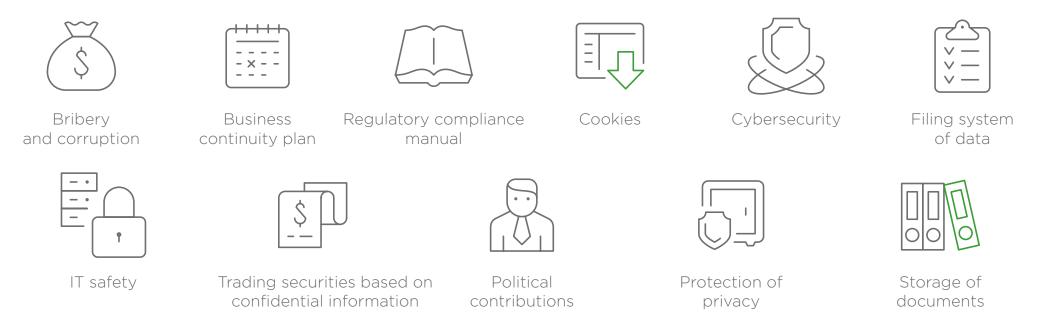






In **Hillwood** culture, there is a deep-rooted commitment to integrity in everything we do. We follow the Code of Conduct, which is common to all **Hillwood** employees and contractors. It expresses the expectation that these persons will act openly, honestly and professionally in all relations. In its activities, the **Hillwood** team is guided by corporate policies. They are regularly reviewed and updated as necessary.

Dur policies address the following issues:



We encourage employees to speak with supervisors or HR representatives to raise concerns about potential unethical behavior.



This report presents **Hillwood** key **ESG** activities from January 1 to December 31, 2023 in Poland, unless otherwise indicated. Please do not hesitate to contact us with any questions regarding the information contained in the report.



FOOTNOTES:

¹ Buildings executed in 2023, which received BREEAM International New Construction v6 certification. ² The data presented have been calculated for the range B4, B6, B7 according to EN 15978 and EN 15804, in a way specified in the BREEAM International New Construction v6 - ENE 01 methodology "Reduction of energy consumption and carbon dioxide emissions", i.e. not taking into account the process energy consumption by tenants, but including other consumption, i.e. lighting, heating, cooling, ventilation, air conditioning, hot water. ³ Emission indicators of CO2, SO2, NOx, CO and total dust for electricity December 2023, National Centre for Emissions Management (KOBiZE). ⁴ Hillwood: Słubice, Zgierz, Łyszkowice A and B, Łazy, Chocianowice, Częstochowa - city, Centrum Logistyczne Korzeńsko 1. ⁵ Hillwood: Zagłębie 1 hall A and B, Syców 1 hall A and B, Rawa 1, Warsaw 3 - hall, Warsaw 3 - office building, Stryków 2, Janki 1, Janki 2, Stryków 1A, Stryków 1B, Wrocław 4, Łódź 1, Silesia 1, Szczecin 1, Oleśnica 1.

