Sustainability Reporting – Today and Tomorrow

Panel discussion

10 November 2022
Panel discussion

Speakers

Pavel Kliment
KPMG

Simon Johnson
Crestyl

Lenka Kostrounová
ČSOB

Lenka Matějíčková
Grinity

Alexandra Tomášková
JRD Development

Christian Nickels-Teske
Prologis

Discussion topics

Trends in Real Estate
Current trends and Innovations in Real Estate industry

Transition to sustainable Real Estate in practice
Key takeaways and challenges in practice

ESG reporting update
CSRD update, timeline and ESRS reporting requirements.

Greenwashing directive

Investors' requirements on Real Estate companies
ESG reporting from the bank perspective
Regulation Update
Role of Real Estate

The building sector is crucial for achieving the EU’s energy and climate objectives for 2030 and 2050.

Buildings account for 40% of final energy consumption in the EU and 36% of its energy-related greenhouse gas emissions.

By 2050 buildings in the EU should be zero-emission.

75% of existing buildings are inefficient in terms of energy and will require energy renovation on a large scale.
Regulatory context

- **Paris Agreement**
- **One Planet Summit & French Business Climate Pledge**
- **COP 26 in Glasgow**

**2015**
- UN Sustainable Development Goals
- Science-Based Targets initiative (SBTi)

**2017**
- Recommendations of the Task force on Climate-related Financial Disclosures (TCFD)

**2018**
- Non Financial Reporting Directive (NFRD)
- Technical Expert Group (TEG) on Sustainable July 2018
- Climate Action 100+
- IPCC Special Report (Impacts of global warming of 1.5°C)

**2019**
- European Green Deal
- EU Taxonomy
- Sustainable Finance Disclosure Regulation (SFDR)
- Entry into force of the EU Taxonomy Regulation

**2020**
- European Reporting Advisory Group (EFRAG)
- Corporate Sustainability Reporting Directive (CSRD)

**2021-2023**
- Taxonomy Climate Delegated Act
**Fit for 55: Ambitious energy efficiency standards 1/2**

**New constructions:**
New building that will have to be zero-emission:
- 2028: New buildings owned by public bodies
- 2030: All new buildings

**Existing buildings:**

**Non-residential**
- Member states to set up minimum energy performance standards = maximum amount of energy that buildings could use per m² annually (based on total building stock in January 2020).

**Residential**
- 2033: D energy performance class level
- 2040: Level set by each country that ensures reaching zero-emission building stock in 2050
- 2050: All existing buildings should be transformed into net zero emission building

Exceptions: historical buildings, places of worship and buildings used for religious activities, stand-alone buildings smaller than 50m², buildings owned by the armed forces and used for defence purposes, industrial sites, workshops and non-residential agricultural buildings.

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Solar energy installations must be installed on:

<table>
<thead>
<tr>
<th>Year</th>
<th>Buildings Type</th>
<th>Requirements</th>
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<tbody>
<tr>
<td>2027</td>
<td>All new public and non-residential buildings (useful floor area over 250m²)</td>
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<tr>
<td>2028</td>
<td>All existing public and non-residential buildings undergoing thorough renovation (useful floor area over 400m²)</td>
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<tr>
<td>2030</td>
<td>All new residential buildings</td>
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More infrastructure for bikes and electric cars
- more recharging points
- cables in place for an increased number of recharging points in the future
- more parking places for bicycles

EU incentives to encourage renovations
- financial help
- tax reductions
- administrative support
To tackle this issue, the European Green Deal states “Companies making ‘green claims’ should substantiate these against a standard methodology to assess their impact on the environment”. It is important that claims on the environmental performance of companies and products are reliable, comparable and verifiable across the EU. Reliable environmental information would allow market actors – consumers, companies, investors – to take greener decisions.

Directive on empowering consumers for the green transition (proposal)

- Providing rules to ensure the fairness of environmental claims, including via banning certain greenwashing practices,
- Providing rules to ensure the transparency and credibility of sustainability labels and sustainability information tools.

If adopted, it will prohibit companies from making generic or vague claims about environmental performance that cannot be backed up by evidence, and prohibit sustainability labels that are not based on third-party verification or established by public authorities.
ESG expectations

69 percent see stakeholder demand for increased reporting and transparency on ESG issues up a significant extent (up from 58 percent in August 2021)

72 percent of CEOs believe stakeholder scrutiny on ESG will continue to accelerate (up from 62 percent in August 2021)

17 percent of CEOs indicate stakeholder scepticism around greenwashing is increasing (up from 8 percent in August 2021)

47 percent CEOs plan to diversify their supply chains in the next 6 months in response to geopolitical challenges.

the number one strategy CEOs are considering to mitigate supply chain issues is to monitor deeper into their supply chain (i.e. at the third and fourth levels) to better anticipate problems. Because the environmental, sustainability and human-rights practices of their partners and suppliers may impact their business and reputation.

Source: CEO Outlook 2022, KPMG

Investments are forthcoming
Sixty-two percent of CEOs say they will be looking to invest at least 6 percent of revenue in programs that enable their organization to become more sustainable.

Key drivers
Global CEOs find it difficult to pick just one key driver when it comes to accelerating their companies’ ESG strategies: proactivity on social issues (34 percent), more transparency (26 percent), IDE strategy (21 percent) and net-zero strategy (19 percent). This shows there’s a growing consensus that they all matter.

Articulating their story
The biggest challenge for CEOs in communicating their ESG performance to stakeholders is the struggle to articulate a compelling ESG story, which more than one-third (38 percent) say their organizations face (down from 42 percent in August 2021).
Reporting
Sustainability reporting global trends

96% of G250 companies report on sustainability or ESG matters

64% of the G250 acknowledge climate change as a risk to their business

Less than half of companies report on biodiversity loss

GRI, TCFD and SDGs form the most commonly used anchors for sustainability reporting

TCFD adoption nearly doubled in 2 years, going from 37% to 61% among the G250

49% of the G250 acknowledge social elements as a risk to their business, with Western Europe as the leading region

71% of N100 companies identify material ESG topics

Fewer than half of G250 companies have leadership level representation for sustainability
## Scope of Application

All companies (incl. non-capital market oriented) with 250 employees, €40 Mio. in revenues, or €20 Mio. in total assets [2 out of 3] reports FY25 in 2026 (NFRD companies – FY24 in 2025)
- Listed SMEs – FY26 in 2027 (or FY28 in 2029)
- Non-EU parent companies – FY28 in 2029

## Reporting

- Reporting only possible in the Management Report, the option for publishing a separate non-financial report will no longer be available
- Digital reporting of sustainability information in line with the European Single Electronic Format (ESEF)

## Assurance Obligation

- Limited Assurance according to ISAE 3000 or a comparable standard will be mandatory
- Reasonable Assurance possibly the next step in the process of aligning the depth of review with that of the annual report

## Topics of CSRD

### Cross-cutting
- General principles
- Strategy, governance and materiality assessment disclosure requirements (14 DR)

### Environment
- Climate change (10 DR)
- Pollution (4 DR)
- Water & marine resources (6 DR)
- Biodiversity & ecosystems (5 DR)
- Resource use & circular economy (6 DR)

### Social
- Own workforce (17 DR)
- Workers in the value chain (5 DR)
- Affected communities (5 DR)
- Consumers & end-users (5 DR)

### Governance
- Governance, risk management & internal control (4 DR)
- Business conduct (8 DR)

## Reporting Levels of the Corporate Sustainability Reporting Directive (CSRD)

### Sector-agnostic data

- ESRS 1 – General principles
- ESRS 2 – General, strategy, governance and materiality assessment disclosure requirements (14 DR)
- ESRS E1 – Climate change (10 DR)
- ESRS E2 – Pollution (4 DR)
- ESRS E3 – Water & marine resources (6 DR)
- ESRS E4 – Biodiversity & ecosystems (5 DR)
- ESRS E5 – Resource use & circular economy (6 DR)
- ESRS S1 – Own workforce (17 DR)
- ESRS S2 – Workers in the value chain (5 DR)
- ESRS S3 – Affected communities (5 DR)
- ESRS S4 – Consumers & end-users (5 DR)
- ESRS G1 – Governance, risk management & internal control (4 DR)
- ESRS G2 – Business conduct (8 DR)

### Sector-specific data

### Entity-specific data
Banking overview
Key developments in the Czech banking sector in 2022

Global impacts
- Global climate summit in Glasgow (COP26) and formation of GFANZ – Glasgow Financial Alliance in Nov 2021
- Global increase in green bonds and sustainable bonds issues
- War on Ukraine in Feb 2022 with negative impact on volatility of energy markets and prices

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Eurozone impacts
- Climate risk stress test done in EU banking sector by European Central Bank in 1H 2022
- ECB Guide on climate risk management and related thematic review done by ECB
- European regulatory bodies focus on further integration of ESG into banks’ governance, risk management, disclosures and capital requirements

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Local market impacts
- Sustainable Finance Memorandum of Czech Banking Association released in Mar 2021. Questionnaire containing recommended non-financial information to be collected from corporate loan clients.
- More banks focus on measuring of their scope 3 carbon footprint and set their decarbonization targets.
- New green finance products being introduced by Czech banks – green loans, green mortgages, sustainability linked products.

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Practical impacts on the Czech banking sector:

Risk management
High energy prices have impacts to banks’ risk management process. Evaluation of energy consumption and its impact on future cash flows is now becoming standard part of risk assessment. High energy demanding projects might be rejected.

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Pricing
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Portfolio management
Banks will push to meet their commitments (UN, PRB, EU taxonomy Green Asset Ratio) and own net-zero pathways(scope 3 targets also on the level of investment/loan portfolio. This means flight to more green investments and portfolio decarbonization until 2050.

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Demand for new information
The banks will push for new information to be provided in the loan granting phase as well as for the purposes of loan monitoring. This includes non-financial information such as energy labels, energy efficiency and consumption and carbon footprint – absolute and intensity.

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Summary
Business transformation is no longer a choice, it is the new reality

ESG strategy has become an integrated cornerstone of the corporate strategy

Reliable and comparable sustainability information necessary for stakeholders

Take off carbon lens and focus also on social and governance topics.

Educate and talk to your stakeholders.

Real estate developers, investors and occupiers are committing to net-zero glidepaths

Data is the new oil in a net-zero world. Better data-based non-financial reporting than just narrative

As stakeholder demand for transparency raise, there will be pressure on data assurance and no greenwashing

Cooperation and preparedness of value chain for ESG transformation; Building capacity and resilience

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Prologis is dedicated to future-proofing the buildings and data collection in order to stay ahead of customers’ needs

- Sustainability and well-being features (LEED / BREEAM / WELL Certified)
- Safety features
- Smart buildings

Note: Illustration only of state-of-the-art Prologis buildings. Not all buildings have all the features shown
Sustainability Reporting
Today and Tomorrow
ESG => View of financial institutions
What they monitor and what they ask for

Lenka Kostrounova, ČSOB
European banks will be required to disclose what proportion of their assets are aligned to the EU Taxonomy => **Green Asset Ratio**

**Monitoring of the GAR** will accelerate behavioral change and prompt banks to **allocate more capital to activities** aligned with the Paris Agreement **requesting sharp increase in CO2**

**Regulatory requirements – vision:**
Greener assets (lower risk) will require less regulatory capital

It is not a question of whether the loan will be cheaper or more expensive, but whether loans for „non green“ assets will be provided at all
Sustainability reporting is mostly about monitoring carbon footprints

⇒ **EU Taxonomy**: set of rules how to measure the impact of the project on the environment.

Very complex – beyond Lender's capacity to assess each project

⇒ **Lenders focuses on monitoring EPC** (in Czech PENB/průkaz energetické náročnosti budovy) => **Support in CZ legislation**:

- Historically, regulation evolved - the Decree of the energy buildings performance issued in 2007 up to **Decree No 264/2020 Coll**
- **Each building for sale or for rent and public buildings** must have **Energy Performance Certificate**
In EPC (applicable for 10Y), energy efficiency of a building is classified as A – G

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<tbody>
<tr>
<td>A</td>
<td>Extremely energy efficient</td>
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<tr>
<td>B</td>
<td>Very energy efficient</td>
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<tr>
<td>C</td>
<td>Energy efficient</td>
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<tr>
<td>D</td>
<td>Less energy efficient</td>
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<tr>
<td>E</td>
<td>Energy not efficient</td>
</tr>
<tr>
<td>F</td>
<td>Very energy not efficient</td>
</tr>
<tr>
<td>G</td>
<td>Extremely energy not efficient</td>
</tr>
</tbody>
</table>

Every building is classified according to its “Non-Renewable Primary Energy” (PED) performance in kWh/m² per year

**Total Energy Supplied (TES)** in kWh/m² per year reflects the energy supplied to a building

=> Energy categories reflects the impact of a building on the environment

Apart from this, **individual indicators** A – G for energy efficiency of each individual segment of a building are used: building surface, heating, cooling, ventilation, humidity, treatment, warm water, lighting
- **Non renewable primary energy demand (PED)** expressed in kWh/m² per year is the most objective metric.

- **There are differences amongst countries** between the PED levels in relation to EPC labels, also depending on the type of building.

- **EPCs are not comparable in time:** newly issued ones do not correspond to the earlier ones, the parameters are getting tighter (B=>C).

- "New EPC" contains recommendation **what to do to improve the „energy status“** (C=>B) and whether the improvement is possible.

- Both **PED and EPC** are seen as the most suitable tools for reporting and monitoring of energy efficiency of the buildings, both **are also used in EU Taxonomy**.

- Greater emphasis also on the **lifecycle assessment of the building (LCA):** methodology used to calculate the environmental impacts, including **carbon footprint** of the building through the whole existence.
Summary of main Taxonomy criteria for buildings:

• New build from 1JAN2021: at least NZEB* minus 10%
• Existing builds before 31DEC2020: at least EPC A
• Renovations: comply with the applicable national/regional building regulations for ‘major renovation’ requirements or, alternatively, reduction of primary energy demand (PED) of at least 30 %

*Countries have definitions of NZEB buildings

Other certifications as BREEAM or LEEDS can be used as additional metric (minimum levels for sustainable/green to be defined) but cannot come in replacement of PED and EPC labels

EU Taxonomy climate change criteria do not refer to such certifications, but these certifications can be relevant for the taxonomy criteria related to ‘DNSH’ and other environmental objectives’
Data capturing on energy performance of the buildings:

- Information on EPC labels available to a large extent: 60% total CRE portfolio has EPC A-C (72% CORP) no F,G in the portfolio
- EPC to be registered in the system
- 36% of CSOB portfolio (loan volume) have international certification: 29% BREEAM, 7% LEED
STRATEGY:

- **ESG is part of the credit process**
- Clear policy **restriction** for the most **energy inefficient buildings**:
  Very reluctant for EPC D, no financing of EPC E - F to G
- **Preference for EPC A-B =&gt; seen as „green“ buildings**
- EPC integrated in the credit process: as **NEW conditions precedent, undertakings**:
  **Energy due diligence**: EPC as minimum, ESG/EU Taxonomy reports as part of the Info Package
  To keep the given energy status requires CAPEX for renovation

- **Sustainability as business opportunity**
- **EU Funds to facilitate the supply side**
- „Non green“ files only if justified: strong sponsor, commitment to improve status
  otherwise „friendly exit“
- Educating clients =&gt; towards sustainability

**Rewarding =&gt; Longer tenor for A and B labels**
Note: It is not about pricing – but about obtaining financing as such
- **ČSOB Advisory**
  Is ready to set-up **ESG strategy** for its clients, **calculate carbon footprint** of particular project (incl. decarbonisation strategy) and provide advisory services related to the **non-financial reporting** obligations of the clients (NFRD/CSRD).
  => Štěpán Černohorský – cernohorsky@csobadvisory.cz

- **ČSOB EU Centrum**
  Is ready to provide full-fledged advisory services in the area of EU subsidies and state investment incentives for companies making sustainable investments
  => Jakub Tomaštík – jtomastik@csob.cz
More than **16 years of experience**, over **900 projects** worth more than **CZK 100 billion**, over **CZK 32 billion** of support secured

**ČSOB EU CENTRUM**

**EXPERIENCE**

- **CZK 32 billion** of secured support
- Over **900** realized projects
- More than **16 years on the market**

**PROFESSIONALISM**

- Advisory services provided on **100 % success fee basis**
- Specialized team of consultants
- Department of a large bank

**SUCCESS**

- Success rate of completed projects more than **96 %**
- **No. 1 in the EU consulting** in the Czech Republic
Thank you for attention

Lenka Kostrounova
lkostrounova@csob.cz
EU Taxonomy implementation in construction

Ing. Lenka Matějíčková

10.11.2022
Generali – Kotva refurbishment
Česká Spořitelna – Headquarters
Generali – Pankrác Office Building Refurbishment
Prologis – European portfolio
EU taxonomy

Minimum safeguards

Climate change adaptation
Climate change mitigation

DNSH
- Climate change mitigation and Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems
Minimum safeguards

- The Taxonomy Regulation takes social and governance issues into consideration in the sense that an economic activity can only qualify as environmentally sustainable if it is carried out in alignment with minimum safeguards. These include
  - OECD Guidelines for Multinational Enterprises
  - UN Guiding Principles on Business and Human Rights
  - International Labour Organization’s (‘ILO’) declaration on Fundamental Rights and Principles at Work, the eight ILO core conventions
    - the right not to be subjected to forced labor,
    - the freedom of association,
    - workers’ right to organize,
    - the right to collective bargaining,
    - equal remuneration for men and women workers for work of equal value,
    - non-discrimination in opportunity

- Financial market participants should include on their website’s information on those procedures and descriptions of the principal adverse impacts.
Substantial contribution to climate change mitigation

• New buildings – the Primary Energy Demand is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB)

• Renovation of existing buildings – reduction of primary energy demand (PED) of at least 30%.

• For buildings larger than 5000 m², upon completion, the building undergoes testing air-tightness and thermal integrity (the testing is carried out in accordance with EN13187 and EN13829 or equivalent standards accepted by the respective building control body where the building is located).

New construction and Refurbishment

The energy performance is certified using an as built Energy Performance Certificate (EPC).
Substantial contribution to climate change mitigation

• For buildings larger than 5000 m², the life cycle Global Warming Potential of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.

• The system boundary is ‘cradle to grave’ as defined by EN 15978, i.e., from the production of building materials to the end of the building’s useful life and the subsequent demolition and recovery of the building materials. It is defined in terms of life cycle stages, which are in turn split into modules as defined by EN 15978:
  • The product stage (A1-5)
  • The use stage (B1-6)
  • End of life stage (C1-4)
  • Benefits and loads beyond the system boundary (D)
Substantial contribution to climate change adaptation

The physical climate risks that are material to the activity have been identified from those listed in Appendix A by performing a robust climate risk and vulnerability assessment with the following steps:

(a) screening of the activity to identify which physical climate risks from the list may affect the performance of the economic activity during its expected lifetime;

(b) where the activity is assessed to be at risk from one or more of the physical climate risks listed, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;

(c) an assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

(a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;

(b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios (Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5) consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.
Main risks have been identified for each project:

- Flood risk – additional measures in underground floors, technical rooms, ...
- Heavy precipitation – bigger retention tank, no roof overflow, ...
- Summer temperature – re-design of risers, cooling sources, FCU,…
- Winter temperature – re-design of risers, heating sources, FCU,…
- Changing wind patterns – recalculation of facade,…

Set rules for each equipment based on the actual and expected RCP and a life expectancy of each equipment.
Substantial contribution to climate change adaptation

The adaptation solutions implemented:

• (a) do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of assets and of other economic activities;

• (b) favour nature-based solutions or rely on blue or green infrastructure to the extent possible;

• (c) are consistent with local, sectoral, regional or national adaptation efforts,

• (d) are monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met;

• (e) where the solution implemented is physical and consists in an activity for which technical screening criteria have been specified, the solution complies with the do no significant harm technical screening criteria for that activity.
Sustainable use and protection of water and marine resources

Where installed, the specified water use for the following water appliances are attested by product datasheets:

Wash hand basin taps, kitchen taps and showers of 6 litres/min;

Showers have a maximum water flow of 8 litres/min;

WCs - full flush volume max. 6 litres, max. average flush 3,5 litres;

Flushing urinals – max. flush volume of 1 litre.

- EN 200; EN 816; EN 817; EN 1111; EN 1112; EN 1113; EN 1287; EN 15091
- The flow rate is recorded at the standard reference pressure 3 -0/+ 0,2 bar or 0,1 -0/+0,02 for products limited to low pressure.
- The flow rate at the lower pressure 1,5 -0/+ 0,2 bar is ≥ 60 % of the maximum available flow rate.
- For mixer showers, the reference temperature is 38 ± 1°C.
Sustainable use and protection of water and marine resources

To avoid impact from the construction site, the activity complies with the criteria:

• Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed with the aim of achieving good water status and good ecological potential as defined in Article 2, points (22) and (23), of Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC of the European Parliament and of the Council and a water use and protection management plan, developed thereunder for the potentially affected water body or bodies, in consultation with relevant stakeholders.

• Where an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1) and includes an assessment of the impact on water in accordance with Directive 2000/60/EC, no additional assessment of impact on water is required, provided the risks identified have been addressed.
Transition to a circular economy

At least 70% (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol (https://ec.europa.eu/growth/content/eu-construction-and-demolition-waste-protocol-0_en). Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.

Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887:2020, Sustainability in buildings and civil engineering works - Design for disassembly and adaptability - Principles, requirements and guidance (https://www.iso.org/standard/69370.html) or other standards for assessing the disassemblability or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantleable to enable reuse and recycling.

- Waste management plan
- Evidence of the waste recycling

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- An energy sources can be easily exchanged based on increased / decreased energy needs.
- Roof structure allows for PV panels installation.
- Building services can be easily removed/adapted to new layouts, when areas are unoccupied or when there is increased usage required
- An office building can be designed and constructed to enable conversion to residential occupancy / or other type depending on location.
- Resource inventory will be provided
- …
Pollution prevention and control

The activity does not lead to the manufacture, placing on the market or use of:


(c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer (OJ L 286, 31.10.2009, p. 1);

(d) substances, whether on their own, in mixtures or in articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment. (OJ L 174, 1.7.2011, p. 88), except where there is full compliance with Article 4(1) of that Directive;


(f) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.

Building components and materials used in the construction that may come into contact with occupiers (applying to paints and varnishes, ceiling tiles, floor coverings, including associated adhesives and sealants, internal insulation and interior surface treatments, such as those to treat damp and mold) emit less than 0,06 mg of formaldehyde per m³ of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m³ of material or component, upon testing in accordance with CEN/EN 16516: 2013 or ISO 16000-3:2011, Indoor air - Part 3.

Where the new construction is located on a potentially contaminated site (brownfield site), the site has been subject to an investigation for potential contaminants, for example using standard ISO 18400:25.

Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.

- Technical sheets – DATABASE to be created
- BREEAM / LEED helps
- Report to be provided
Protection and restoration of biodiversity and ecosystems

An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

The new construction is not built on one of the following:

- arable land and crop land with a moderate to high level of soil fertility and below ground biodiversity as referred to the EU LUCAS survey;
- greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List or the IUCN Red List;
- forest land (whether or not covered by trees), other wooded land or land that is partially or wholly covered or intended to be covered by trees, even where those trees have not yet reached the size and cover to be classified as forest or other wooded land, as defined in accordance with the FAO definition of forest.
Turning unique places into fantastic neighbourhoods
Why ESG?
Sustainability runs in our veins

Own responsibility: no planet B
Community- and environment-centred philosophy
Stakeholders’ expectations
Competitors and trends on the market
Investors’ requirements
We welcome the challenge

Applying the lessons learnt
• green communities and open space
• smart home technologies
• no development in greenfields
• stakeholders’ surveys and cooperation with local representation

Seeking trends in decreasing energy and water consumption and waste generation

Following research and development in new materials

Taking part in discussions on improving legislation related to construction
We inspire and seek inspiration

close cooperation with suppliers and other partners on adherence to ESG principles

c con crete application of circularity: re-use or re-cycling of materials

green rooftops

photovoltaics and other progressive technologies
No time to wait (for ESG reporting)

positive responses in the first stakeholders’ dialogue on Crestyl’s approach to ESG and sustainability

ESG ambassadors among employees

ESG strategy to be published and communicated by end of 2022

first ESG report to cover 2022 in Q2/2023
We are both realistic and ambitious (and have a long list of goals)

- balancing E, S and G
- concrete targets
- milestones
- ESG KPIs for all ESG Committee members
...and this is just a selection of a few examples

design and approval of detailed decarbonisation plan by 2024
carbon neutrality by 2050
focus on circular economy and increase of use of recycled materials by 2028
full alignment with EU Taxonomy by 2025
100% projects having environmental study of impact to biodiversity
close cooperation with municipalities continued to help transforming cities and locations from good to great
actions towards zero gender pay gap by 2025
increase of average hours of training per year per employee
screening all suppliers using ESG criteria by 2025
maintaining health and safety incidents at minimum level
zero tolerance to bribery and corruption
zero tolerance to compliance violations
all business partners and suppliers compliant with the Code of Conduct as of 2023
keeping risk and opportunities management of high standard
Thank you
DISCUSSIONS AND QUESTIONS