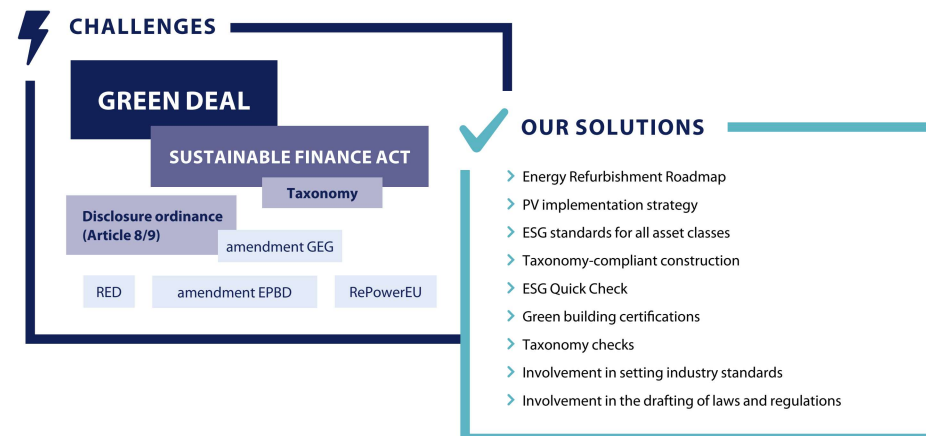


A CLEAR COURSE: ON THE WAY TO CLIMATE NEUTRALITY

Green Deal, Climate Protection Act, Sustainable Finance Act:
In order to achieve climate targets, policymakers have devised strict regulations – especially for the real estate industry. ECE has developed exacting standards and concrete solutions to comply with these regulations. As part of this process, it put all existing ESG requirements and strategies to the test last year. The goal was to define clear standards for all business areas, with a focus on climate-neutral construction and operation.



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Politicians are stepping up the pace on the issue of climate neutrality. This is demonstrated by the German Climate Protection Act (KSG), which was amended in 2021 and sets a target to reduce emissions by at least 65 percent by 2030 compared with 1990. The EU is also setting legal climate targets for the first time and has enshrined the goal of a climate-neutral Europe by 2050 in the EU Climate Change Act.

To ensure that the transformation to a climate-neutral society is successful, the EU has developed the Green Deal. One component of the Green Deal is the Sustainable Finance Act, which imposes numerous requirements on the real estate industry. In addition to the Disclosure Regulation, which obliges investors and banks to report transparently on their sustainability activities, it also sets out specific environmental criteria for sustainable real estate. New and existing buildings can now be assessed for their compliance with a taxonomy based on the environmental goals of climate protection and adaptation to climate change. Four further environmental targets and social targets will follow shortly.

Europe has also announced further requirements that are highly relevant to the real estate industry. The amendment of the Energy Performance of Buildings Directive (EPBD) will probably have the most significant impact. This directive is one of the EU's most important legal requirements with

regard to improving the energy efficiency of buildings and must be implemented by member states. The EPBD will have direct and very concrete consequences for new construction (including the Building Energy Act) and existing buildings in many different respects. For example, it affects energy certificates and energy audits, the Heating Costs Ordinance, minimum standards for energy efficiency, renovation schedules as a requirement for the sale of real estate, and the inclusion of the building sector in EU emissions trading. It also affects areas such as e-mobility.

MARKET DEMAND FOR CLIMATE NEUTRALITY

It can also be observed that the market is now following the CRREM pathway and the goal of being climate-neutral by 20XX, since there is otherwise a risk that property will become a "stranded asset" and suffer a loss in value.

ECE DEVELOPS SOLUTIONS

The real estate industry needs clear strategies and concrete, practicable solutions to meet these challenges. As early as 2009, ECE was able to certify its first shopping center in line with the new DGNB standard, and since then interdisciplinary teams of architects, engineers, facility managers, developers, M&A specialists, and sustainability experts have developed, implemented, and continuously refined a comprehensive catalog of measures. >



- Bis 2023 werden alle Center mit E-Ladestationen ausgestattet.

> 120

DGNB, LEED, and BREEAM certificates for ECE properties

> 9,000

Green lease contracts for sustainable rental areas

139,500 t

- CO₂ savings thanks to green electricity

ESG BOARD

ECE's ESG Board brings together representatives from science, business, and politics, and scrutinizes all new projects with regard to ecological, social, and economic impacts. In addition, the ESG Board trains and educates employees on this topic. The insights and suggestions gained from the lively exchange between board members and decision-makers at the ECE Group are incorporated into the decision-making process for the projects.



TARGET: CLIMATE-NEUTRAL RETAIL REAL ESTATE BY 2045 OR EARLIER!

With its Energy Refurbishment Roadmap, ECE has already proved that even complex, high-frequency properties in the retail real estate asset class can become climate-neutral by 2045. Shopping centers require in-depth engineering expertise as well as an understanding of operations and the various interdependencies. ECE's experts understand how climate neutrality works (more on p. 48). In parallel, ECE has developed an accompanying photovoltaic strategy for the shopping centers it operates, which offers the owners of the properties various models for implementing the use of solar energy (more on p. 54).

HIGH ESG STANDARDS FOR LOGISTICS AND RESIDENTIAL PROJECTS

ECE also sets clear ESG guidelines and standards in the residential and logistics asset classes with its Logistics and Residential Code. ECE's standards are intended to go beyond the legal requirements and to minimize CO₂ emis-

sions during development and later operation. For the logistics properties developed by ECE, an Efficiency House 40 (EH40) standard will therefore be the basis of all future planning. Likewise, DGNB Gold certification is targeted as a minimum for all logistics developments – and planning will be taxonomy-compliant (more on p. 80).

In line with the "New Leipzig Charter," which focuses on the transformative power of cities for the common good, ECE demonstrates its holistic commitment to residential developments with its Residential Code. Among other things, the voluntary commitment is accompanied by a commitment to the Code of Ethics of the German Tenants' Association and the Central Real Estate Committee (ZIA). In addition, ECE commits itself to sustainable portfolio management and sustainable acquisitions.



Among other things, the newly established Engineering, Environmental & Grants department advises on all matters relating to engineering and architecture, supports the further development of standards, and is responsible for the photovoltaic strategy (more on p. 54).



INTERNAL AND EXTERNAL EXPERTISE

Standing still is not an option for ECE as we head into the future: in order to keep up with the dynamic developments in policy and legislation, ECE's standards are subject to constant review and further development. This is ensured by clear structures, an ESG Board, and the pooled expertise of a dedicated specialist department.

ACTIVELY SHAPING STANDARDS

ECE is also committed to helping shape industry standards. Among other things, it supports studies by the Institute for Corporate Governance in the Real Estate Industry (ICG) on social impact investment. Within the ZIA, the company advocates for the improvement of energy certificates and a smart, practicable, and efficient realignment of subsidies for existing and new buildings and of the Building Energy Act.

NEED FOR SUITABLE FRAMEWORK CONDITIONS

In order to achieve the climate targets, suitable framework conditions are needed – and very quickly! For example, subsidies for energy-efficient renovations must be further expanded and should be based not on efficiency classes but on the amount of CO₂ saved. In addition, a fourfold increase in the renovation rate by 2045 is necessary to achieve the climate targets. Procedures and approval processes in the construction sector must be made less bureaucratic. A training drive in the skilled trades is also needed. Green district heating and green electricity for use in heat pumps and user electricity must be included in the balancing limits.

Without a green energy economy, very few properties will become climate-neutral – regardless of how much money companies invest. That's why the transformation of the energy economy urgently needs to be accelerated. //