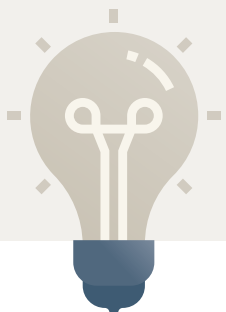
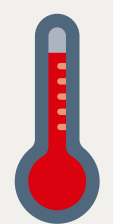
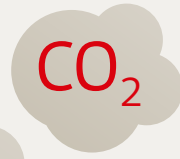
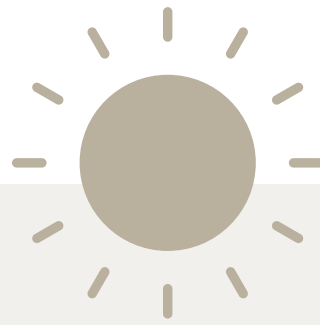


SUSTAINABILITY REPORT 2019 | 2020



SUSTAINABILITY, TAKEN FURTHER.

HAMBORNER REIT AG is distinguished by its many years of experience on the property and capital market and by its lean and transparent corporate structure. HAMBORNER REIT AG also takes social and ecological responsibility in the context of its value-adding mandate. We focus on the key impact of our business model and thoroughly examine strategic decisions and all action. For we can only successfully keep pace with the dynamic transformation process in our industry and safeguard the performance and future viability of our business model with a clear approach and focus.

 GRI 102-1
GRI 102-2
GRI 102-6

CONTENTS

03 INTRODUCTION

- 03 Letter from the Management Board
- 05 About this Report
- 06 Corporate Governance
- 07 Compliance

08 STRATEGY & MANAGEMENT

- 08 Sustainability Strategy
- 09 Sustainability Management
- 16 Strategic Sustainability Programme

19 SUSTAINABILITY IN OUR CORE BUSINESS

- 19 Contribution to Sustainable Value Added
- 20 Property Portfolio
- 22 Tracking and Analysis of Environmental Performance Indicators in the Property Portfolio
- 24 Environmental Management & Climate Protection at the Duisburg Head Office

27 SUSTAINABLE EMPLOYER

30 SOCIAL RESPONSIBILITY AND COMMITMENT

31 ANNEX

- 31 Glossary & Names
- 32 GRI Content Index
- 38 Credits

LETTER FROM THE MANAGEMENT BOARD

Dear Readers,

 GRI 102-10
GRI 102-14

The shift towards a sustainability-oriented property industry is making dynamic progress. Stakeholders are stepping up their calls for environmental and social efforts as well as sustainable corporate governance. ESG criteria are increasingly becoming measurable factors to set competitors apart.

However, we do not just respond to the latest political and market-driven developments at short notice, but are also actively rising to meet the growing trend towards ESG integration on the business, property and investment side. Our overall strategy has already been adjusted accordingly, and in this context we have resolved to expand the organisation of our sustainability management.

Naturally, HAMBORNER REIT AG's financial results continue to be the central factor and purpose of our day-to-day activities. But here, too, new risks and opportunities must be taken into account. Especially with regard to the performance and future viability of HAMBORNER REIT, we cannot be permitted to ignore environmental risks or the environmental impact of our business model.



Niclas Karoff
Chief Executive Officer (CEO)



Hans Richard Schmitz
Chief Operating Officer (COO)



 GRI 102-10
GRI 102-11
GRI 102-14
GRI 305-5

Climate change is one of these elementary risk factors. In terms of our contributions to the value chain, we must ensure that we avoid emissions that are harmful to the environment – also from a financial perspective, as the German government has extended the pricing of harmful carbon emissions to areas that will directly affect our business model from 2021. Moving ahead, we therefore intend to monitor carbon emissions throughout our entire property portfolio, implement the reduction of emissions in all business areas as a performance criterion and define corresponding operational objectives in asset, portfolio and transaction management.

However, without the understanding and cooperation of our employees and external stakeholders, we will not succeed in implementing our amended sustainability strategy. A first step towards this was establishing our internal Sustainability Committee, which will manage and plan key sustainability activities in future. Furthermore, from 2021 onwards, we will be stepping up our dialogue with relevant external stakeholders – above all our investors and tenants – and steer it more towards key sustainability issues. The focus will shift to the option of measuring our buildings' ecological footprint together with our tenants and implementing corresponding optimisations.

Regarding our stance towards corporate responsibility and sustainability, we intend to be both bolder and more focused moving ahead. This is also shown in this document as a key component of our sustainability management. We have therefore made the deliberate decision to break away from established patterns of reporting, and we will instead concentrate on the sustainability issues that matter most to us. In doing so, we will set out real goals and we will not shy away from openly stating the limits of our resources and our influence in sustainability management. We do this because, to us, this also means creating transparency and trust.

With this in mind, we wish you an insightful read.

HAMBORNER REIT AG

The Management Board

Niclas Karoff

Hans Richard Schmitz



ABOUT THIS REPORT

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GRI 102-45
GRI 102-48
GRI 102-49
GRI 102-50
GRI 102-51
GRI 102-52
GRI 102-53
GRI 102-54
GRI 102-56

This 2019/2020 report provides information on the sustainability management activities of HAMBORNER REIT AG. It provides facts and data for the period 1 January to 31 December 2019, and thus comparative figures for the previous reporting cycles (publication date of prior-year report: September 2019). It also contains information on the development and implementation of our sustainability strategy up until our editorial deadline in October 2020.

HAMBORNER REIT AG's sustainability reports appear annually and provide non-financial information that supplements the respective annual reports which are typically published in the first quarter of each calendar year. Corresponding references to the current annual report can be found in this document. Unlike the reports in previous years, the current report is no longer based on the triple bottom line sustainability model. We have also chosen to focus more on presenting ecological and social aspects.

We track sustainability performance indicators throughout our entire business model. Compiling and analysing environmental performance indicators and consumption data for our property portfolio remains a particular challenge. We are constantly optimising our methods to ensure that these data are documented as fully as possible. Furthermore, we report not only absolute performance indicators for the past financial year, but also like-for-like portfolio figures, i.e. for properties that were owned by the company for the whole of 2019 and the whole of 2018. Properties bought or sold during the reporting period are not included here. For the purposes of clarity, the data series therefore relate to the exact same portfolio.

In preparing this report, we have been guided by the internationally recognised Sustainability Reporting Guidelines (Standards) of the Global Reporting Initiative. 🔗 **CF. P. 32 ONWARDS. [GRI INDEX]** This report was prepared in accordance with the GRI Standards: Option: 'Core'. For the first time, this report has been audited by the GRI Content Index Service. HAMBORNER REIT AG also consulted an external expert in preparing this report. The report did not undergo an additional external audit.

As in previous years, other reference points for our sustainability management and external reporting are the Sustainability Best Practices Recommendations (sBPR) published by the European Public Real Estate Association (EPRA), the Practical Guidelines for Effective Social Action by the German Property Federation (ZIA) plus the German Corporate Governance Code and the recommendations of the Corporate Governance in the German Property Sector Initiative. Also, for the first time the current report references three of the United Nations' seventeen Sustainable Development Goals (SDGs).


The report is available in English and German and is exclusively published as a PDF available at 🌐 WWW.HAMBORNER.DE/EN/HAMBORNER-REIT/SUSTAINABILITY.HTML. If content refers to groups of persons and only masculine pronouns are used, this is merely intended to improve legibility and includes all identities.

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CORPORATE GOVERNANCE

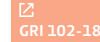
 At HAMBORNER REIT AG, corporate governance stands for strict principles and a clear framework for the management and monitoring of the company. In addition to implementing and controlling guidelines, laws and rules of conduct, our corporate governance system also includes transparent decision-making processes within the company.

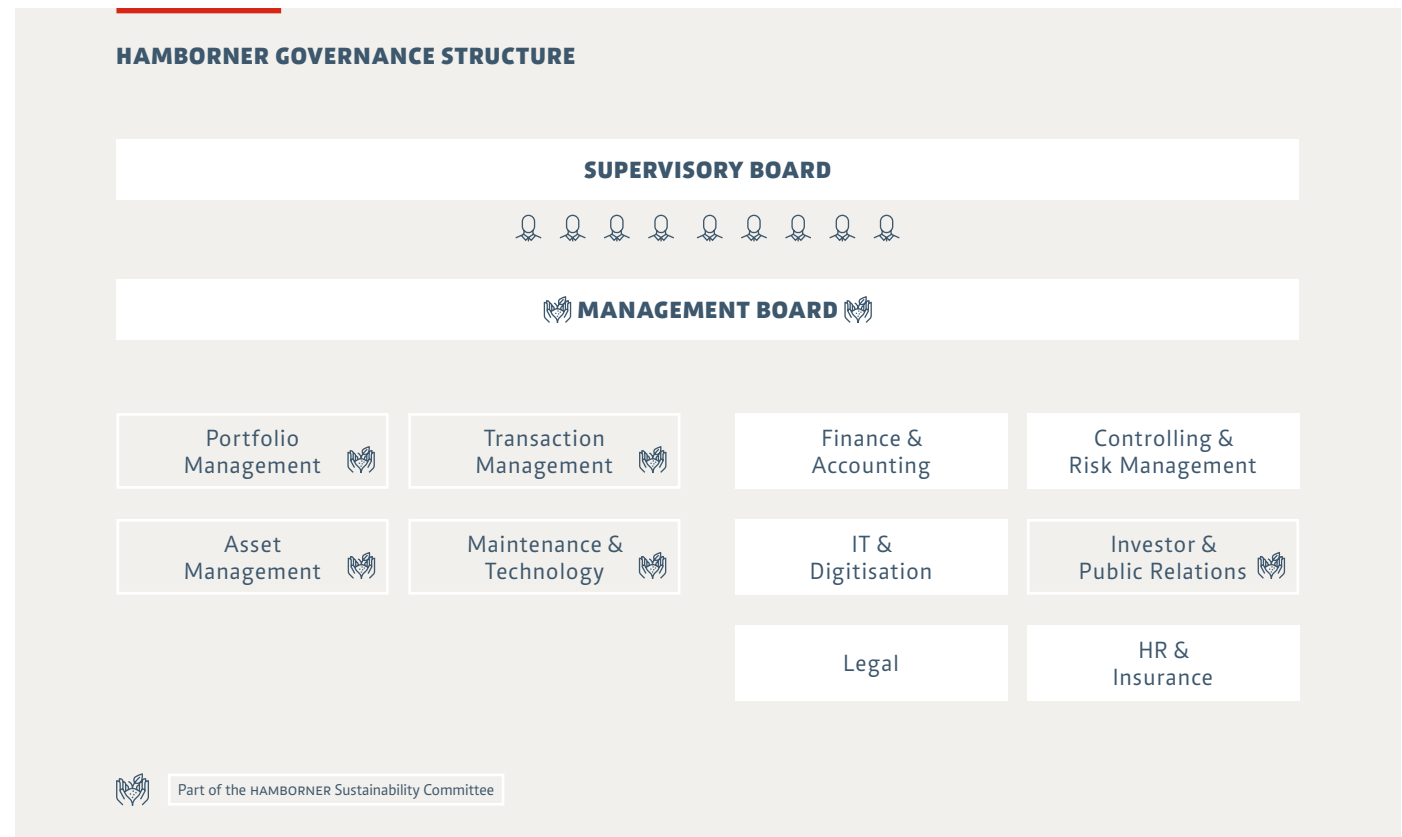
But good corporate governance does not just mean accountability for the organisational structure and compliance management, but also the vigilance of the company's managers and executive bodies as regards new risks and opportunities for the business model that arise in connection with ESG criteria.

We therefore do not stop at existing governance structures, and instead we continue to develop these and actively involve ourselves in our industry for this purpose, for instance in cooperation with the Corporate Governance in the German Property Sector Initiative. Furthermore, we adhere to the requirements and recommendations of the Government Commission for the German Corporate Governance Code, though the Management Board and the Supervisory Board thoroughly examine each amendment of the Code as regards the respective requirements before issuing the declaration of compliance.

 See also the section on Corporate Governance in the current **HAMBORNER REIT AG ANNUAL REPORT FROM PAGE 28 ONWARDS.**

In the context of corporate governance, respecting people and resources creates a foundation of values to ensure the sustainability of HAMBORNER REIT AG's business success. Effective corporate governance structures are an important tool for ensuring our long-term competitive capability and for optimistically facing future challenges on the property, capital and labour markets.

 So in addition to implementing and controlling guidelines, laws and rules of conduct, corporate governance at HAMBORNER REIT AG also ensures a common understanding of the values of openness and integrity. We rely on clear communication and management structures with flat hierarchies.







COMPLIANCE

Compliance with legal rules and regulations is self-evident for HAMBORNER REIT AG and its employees. Legal and regulatory compliance in day-to-day work is also systematically safeguarded by a compliance programme that includes the following aspects and mechanisms:

Compliance management system

 Our compliance management system (CMS) is continuously revised and expanded. Issues relevant to compliance, as well as anti-discrimination and anti-corruption mechanisms, are discussed, also with the relevant departments, and corresponding measures are prepared. Furthermore, we use an accounting- and performance-related control system and ascertain potential through another management system that is directly checked against the CMS.

Prevention measures


 We intensify our prevention measures on an ongoing basis to avoid compliance risks. All regulations and laws specific to the industry, and those that apply to multiple industries, are taken into account. Regular employee training on compliance issues and changes in the law is a standard part of our ongoing professional development curriculum. We thereby also ensure that compliance with regulations and the law is firmly established in our employees' day-to-day work.

Internal reporting system

HAMBORNER REIT AG implemented an electronic whistleblower system in 2017. The company's employees and third parties can use this to report potential compliance violations of regulations and laws or corresponding misconduct within the company's sphere of influence, straightforwardly and anonymously, to an external ombudsman. No compliance violations have been reported at HAMBORNER REIT AG since the whistleblower system was introduced in 2017.

Compliance is therefore not a critical sustainability issue for HAMBORNER REIT AG. Rather, legal and regulatory compliance are self-evident for us, while the challenges of securing our licence to operate through corporate responsibility and sustainability go far beyond the existing laws and regulations.



See also the section on the Compliance Management System in the current  **HAMBORNER REIT AG ANNUAL REPORT** FROM PAGE 30 ONWARDS.



STRATEGY & MANAGEMENT

SUSTAINABILITY STRATEGY

In conjunction with this year's revision of our corporate strategy we have incorporated key ESG criteria and resolved to expand the organisation of our sustainability management accordingly. HAMBORNER REIT AG's overall strategy is geared towards value-adding growth through the continued optimisation and yield-driven expansion of its commercial property portfolio. The portfolio is weighted in line with market developments, growth prospects and the expected potential for value added. Additional criteria include potential COVID-19 effects and anticipated ESG requirements.



GRI 305-5

HAMBORNER REIT's financial results are also still a central issue from a sustainability perspective. Furthermore, the focus has shifted more towards climate protection. We will provide the necessary resources for a well-founded climate strategy that also ensure the performance and future viability of our business model in the long term. Moving forward, we intend to monitor carbon emissions data throughout the entire property portfolio and implement the reduction of carbon emissions in all business areas as a performance criterion. We will gradually build up the instruments for measuring the success of our strategic and operational objectives over the next two years.

Responsibility for HAMBORNER REIT AG's sustainability strategy will continue to lie with the Management Board in future. However, we will not succeed in implementing this strategy without the understanding and support of our employees and our relevant external stakeholders. Internally, we will therefore communicate the strategic guidelines and systematically intensify the dialogue with external stakeholders from 2021. [CF. STAKEHOLDER MANAGEMENT, P. 10 ONWARDS](#). The focus will shift more to the option of measuring our buildings' ecological footprint together with our tenants and implementing corresponding optimisations.

In our efforts as a sustainable employer [SEE P. 10 ONWARDS](#), we focus on the area of employee development and specifically continuing professional development in addition to raising employee awareness and preparing them for new duties in the context of our sustainability management. Furthermore, we will take additional aspects arising from the current coronavirus pandemic into account in health management and occupational safety. The same applies to flexible working models and work / life balance.

As reference points for our sustainability strategy, we are also guided by the United Nations' global Sustainable Development Goals 7, 13 and 17 in addition to the associated targets. As with all our strategic sustainability objectives set out above, we also derive operational targets and measures from the SDGs and integrate these into our strategic sustainability programme. [SEE P. 18](#).

SUSTAINABILITY MANAGEMENT

We re-examined and consolidated our ESG action areas in 2020 and, on this new basis, resolved to expand the organisation of our sustainability management. In conjunction with formulating the sustainability strategy, operational objectives and measures were defined that we have compiled into a strategic sustainability programme. [SEE P. 16 ONWARDS](#). These strategic guidelines help us on our path to more sustainability along our value chain and comprise ESG management approaches for the relevant business areas.

A key criterion for establishing and expanding effective and successful sustainability management is the achievability of the measures planned. Our sustainability management can only successfully contribute to the performance and future viability of our business model if we give sufficient consideration to which resources are available in the short, medium and long-term and the personnel capacity we can plan. The work we do has to be supported by all our employees. This is also precisely the reason why exact resource planning is a key success factor for our sustainability management.

Furthermore, the involvement of relevant external stakeholders and partners is crucial to the successful implementation of our sustainability strategy. In 2020 we began planning and implementing our stakeholder engagement programme and are well on our way to establishing systematic sustainability management throughout our property portfolio and together with tenants. This primarily means tracking and analysing the key emissions and environmental performance indicators in order to then achieve the continuous optimisation of our ecological footprint for the entire portfolio.

Throughout all our strategic and operational planning, we are aware that sustainability management is a demanding and interdisciplinary task in which we must tackle issues and challenges that go beyond individual departments, keeping one eye on the big picture while overcoming compartmentalised thinking. The formation of our internal Sustainability Committee was an important step toward this.

Sustainability Committee

In order to manage and plan our key sustainability activities, in 2020 we formed an internal Sustainability Committee consisting of the Management Board and the managers in charge of the individual business areas.



At its first meeting, the Committee was directly involved in the strategy development and materiality process, and the drafts of the strategy formulation and the strategic sustainability programme were presented by the Management Board. Furthermore, there was an internal materiality analysis of previous issues and action areas [SEE P. 13](#), operational objectives and measures were validated and persons in charge within the company were defined.

In future, the Committee will meet at least once per quarter to discuss the developments in strategy implementation and any new ESG issues and challenges.

Stakeholder management

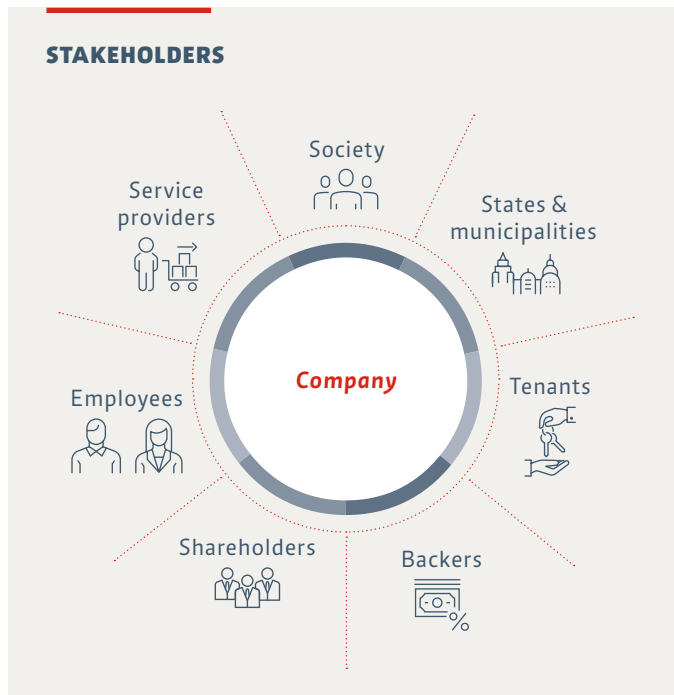
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GRI 102-43

It will not be possible to implement our sustainability strategy without working with our stakeholders.

For this reason, in the third quarter of 2020, with the assistance of external consultants, we first examined the stakeholders previously classified as relevant in connection with ESG issues. A systematic stakeholder management approach for HAMBORNER REIT AG was then developed on this basis.

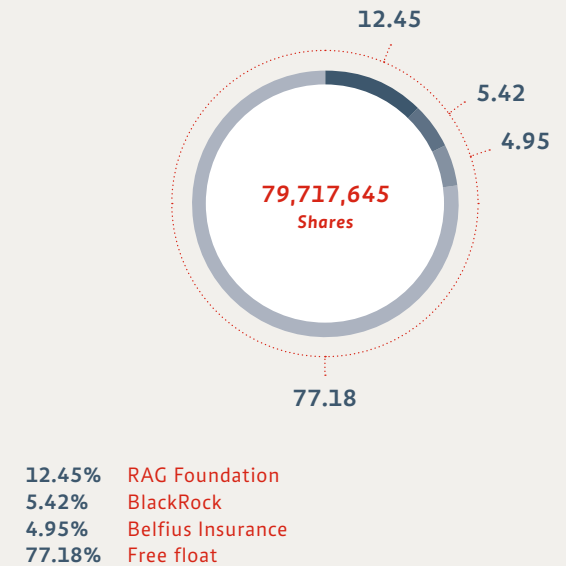
We will be stepping up our interaction with the relevant stakeholders from 2021 as part of our stakeholder engagement programme [SEE P. 11](#). The employees of the Asset Management and Technology departments are already engaged in an ongoing dialogue with our tenants; however, moving ahead, we will be steering the discussion more towards key ESG issues, exploring the potential and options for measuring and optimising our buildings' ecological footprint together with tenants.

We also traditionally maintain close contact with our shareholders. The central issues and expectations include long-term value added, a balanced financing structure and transparent reporting. Furthermore, ESG aspects are increasingly being addressed by investors. We are seeing a clear trend here, and expect that ESG criteria will play a bigger part in capital market participants' decision-making processes in future. Our investor relations management will rise to meet these additional information expectations and increasingly include ESG issues in the corresponding dialogue and communication formats.



SHAREHOLDER STRUCTURE AS AT 30 SEPTEMBER 2020 IN %

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Under the planned stakeholder engagement programme, the relevant stakeholders should also be able to bring up their own ESG issues. Following internal review, we may then derive further strategic and organisational measures from these. This also includes in-house ideas and suggestions, which are taken into account in the Sustainability Committee's planning and decisions. In turn, staff are comprehensively informed about the results of the internal committee's work. This way we monitor our sustainability strategy together, with all the internal actors and in close contact with the relevant external stakeholders.



STAKEHOLDER ENGAGEMENT PROGRAMME

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GRI 102-44





Our systematic stakeholder management has only just begun, but we expect that our stakeholder engagement programme will become a dynamic process. We are counting on a constructive dialogue and pursuing the programme in the certainty that key ESG issues and objectives can only be discussed and achieved together.

STAKEHOLDER GROUP	ACTION AREAS AND POTENTIAL ISSUES	COMMUNICATION / DIALOGUE FORMAT
Shareholders 	Corporate governance – Business policy geared towards sustainable growth – Consideration of ESG criteria in corporate governance	– Press releases / mailings, etc. – Roadshows and investor conferences – Investor fairs and shareholder forums – Individual investor meetings – Annual General Meeting – Talks and negotiations with banks and rating agencies – Annual and interim reports – Sustainability report
Backers 	Environmental management & climate protection – Future CO ₂ pricing – Future EU regulations Portfolio quality & optimisation – Growth opportunities – Buy-hold-sell strategy – Manage-to-core approach	
Tenants 	Portfolio quality & optimisation – Operating cost optimisation – Local public transport connection Environmental management & climate protection – Cooperation on collection of consumption data – Green Leases	– Direct / personal dialogue between tenant representatives as well as asset and technical property managers – Contracts (green leases, etc.) – Tenant surveys – Sustainability report





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GRI 102-44
GRI 308-1
GRI 414-1

STAKEHOLDER GROUP	ACTION AREAS AND POTENTIAL ISSUES	COMMUNICATION / DIALOGUE FORMAT
<p>Employees</p> 	<p>All employees:</p> <p>Employee development</p> <ul style="list-style-type: none"> - Flexible working models - Individual continuing professional development <p>Environmental management & climate protection</p> <ul style="list-style-type: none"> - Raising employee awareness of environmental and climate protection - Code of Conduct - Involvement in environmental management <p>Portfolio quality & optimisation</p> <ul style="list-style-type: none"> - Involvement in portfolio analysis and optimisation process <p>Communication of sustainability strategy, awareness training for all other challenges and activities in ESG / sustainability management at HAMBORNER and reporting on the results of the work of the Sustainability Committee.</p> <p>Internal Sustainability Committee:</p> <p>Internal strategy development, analysis and tracking of strategic issues, decision-making and measures, status, performance measurement, internal reporting</p>	<ul style="list-style-type: none"> - Employee reviews - Employee survey - Departmental planning meetings - Cross-departmental announcements and events - Intranet - Internal mission statement and summary of the sustainability strategy - Sustainability report <p>- Regular meetings of the internal Sustainability Committee</p>
<p>Service providers</p> 	<p>Environmental management & climate protection</p> <ul style="list-style-type: none"> - Verification of ESG criteria within the framework of awarding of contracts - Business Partner Code of Conduct <p>Portfolio quality & optimisation</p> <ul style="list-style-type: none"> - Contracts in conjunction with the implementation of sustainability measures 	<ul style="list-style-type: none"> - Supplier Code of Conduct - Direct / personal dialogue between business partners and asset and technical property managers - Sustainability report
<p>States & municipalities</p> 	<p>Portfolio quality & optimisation</p> <ul style="list-style-type: none"> - Integration of properties into urban and social landscape - Traffic connections <p>Environmental management & climate protection</p> <ul style="list-style-type: none"> - Local public transport connection - Energy efficiency measures 	<ul style="list-style-type: none"> - Written communication and personal dialogues with contacts at authorities - Work with associations - Involvement in local initiatives and interest groups - Sustainability report
<p>Society</p> 	<p>Environmental management & climate protection</p> <ul style="list-style-type: none"> - Ecological measures and regional commitment on part of the property owner <p>Portfolio quality & optimisation</p> <ul style="list-style-type: none"> - Neighbourhood development, local shops, traffic connections (public transport) 	<ul style="list-style-type: none"> - Supporting social / political initiatives - Work with associations - Sustainability report

Materiality

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GRI 102-46
GRI 102-47

In 2020, with the assistance of external consultants, our internal Sustainability Committee, examined the ESG issues that had previously been considered material and the potential action areas.

The analysis considered not just the internal perspective, but also the ESG issues and expectations previously communicated by our external stakeholders. We anticipate further significant stimulus from our systematic stakeholder management moving ahead. ☞ [SEE P. 10 ONWARDS](#). In conjunction with the most recent materiality analysis, the external consultants also provided key information on political and market-driven developments and trends.

The materiality process resulted in a consolidation of ESG issues and action areas. The number of issues was reduced overall. Thus, economic success remains a central issue for HAMBORNER REIT AG, but financial results will no longer be considered a critical sustainability issue in future. The same is true for the areas of compliance and data protection, which are also top priorities and are managed in line with the latest standards, but are no longer considered critical issues in the context of our sustainability management. By contrast, we still define diversity, equal opportunities and occupational health and safety as key issues, but will classify them within employee development from now on.

The analysis was strictly guided by the principle of materiality – as regards both future operational measures and external reporting, which we see as an integral part of our sustainability management. At the same time, the streamlining of key action areas is in line with our principle of efficiently deploying

HAMBORNER REIT AG's resources and commitment for the ESG issues where we anticipate the most environmental and social impact, at the same time utilising the most effective levers for optimising our ESG performance. The following central ESG action areas were identified by the materiality analysis:

- Corporate governance & dialogue
- Environmental management & climate protection
- Portfolio quality & optimisation
- Employee development

ESG criteria will be a higher priority within the principles for managing and monitoring the company moving forward ☞ [SEE P. 6 ONWARDS](#). In doing so, we will also rise to meet the demand for greater accountability for the risks and opportunities of our business model in connection with ESG issues.

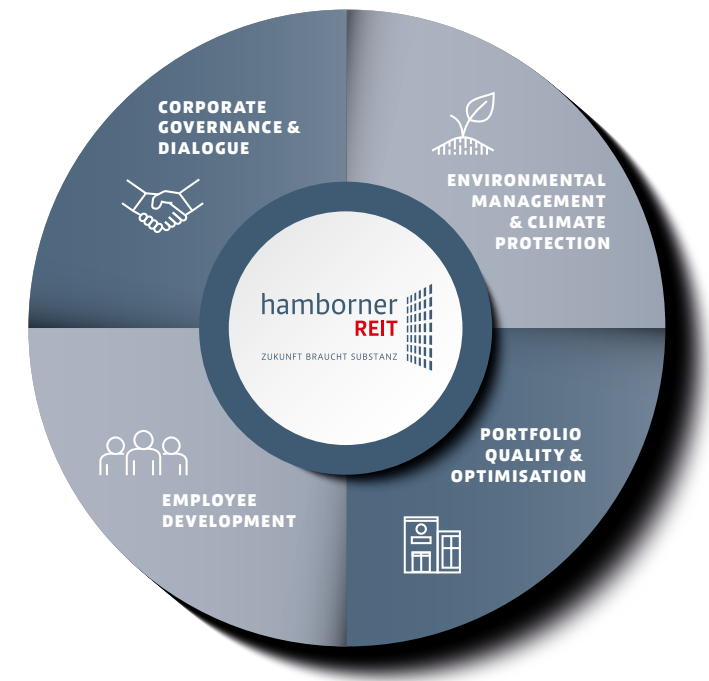
We will advance environmental management across all divisions and leverage corresponding potential along the entire value chain – starting with the consumption of resources in our own offices and extending to the analysis of corresponding criteria at our tenants and business partners.

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GRI 305-5

There will be a much stronger focus on climate protection in future, and it will be examined separately from environmental management. The current political and market events clearly show us that the development of a well-founded climate strategy must be on our agenda in the short term if we are to ensure the future viability of our business model for the long term. We will therefore provide the necessary resources to monitor carbon emissions data for the entire property portfolio and implement the reduction of GHG emissions in all business areas as a performance criterion.

In the area of portfolio quality & optimisation, in addition to the challenges of reducing our carbon footprint and our environmental impact (in conjunction with modernisation activities, for example), we will also consider social criteria such as local public transport connections or aspects of respective local sustainability programmes.

In employee development, the focus will be on issues such as continuing professional development, the examination and implementation of new concepts for more flexible working models and the additional health management challenges arising in conjunction with the coronavirus pandemic. ☞ [SEE P. 28](#).



Key sustainability management action areas at HAMBORNER REIT AG



Management approaches

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GRI 103-2
GRI 103-3

With our systematic approach to sustainability management, we hope to continuously improve our ESG achievements. We are therefore highly critical even when examining potential systems for analysing and managing key ESG issues. A fundamental question is whether the management system is right for the challenges in the respective action area and can we use it to efficiently analyse and manage the ecological and social impact of our business activities?

For example, our risk management system very practically considers the individual requirements of HAMBORNER REIT AG's business model. It is legally compliant and subject to regular internal audit, which in turn is also audited by an independent third-party company. Moving ahead, the management system will also address key ESG action areas and be closely integrated into operating processes, thereby enabling the prompt identification of risks and the implementation of corresponding countermeasures.

In the ESG action areas, our proven system of risk management will also comprise multiple stages and be described in detail in the regularly revised guideline. Continuous reporting, streamlined organisational structures and transparent decision-making channels ensure that the Management Board is directly included in all processes relevant to risk. The ongoing development of the risk management system in relation to ESG criteria is planned out for the short to medium term and is part of our strategic sustainability programme.

We also closely examine certified management systems and standards for value added for the company and its stakeholders. For example, our whistleblower system for identifying potential misconduct and legal violations within the company is certified according to DIN EN ISO/IEC 27001:2017. This instrument therefore also satisfies the requirements of the General Data Protection Regulation (GDPR). HAMBORNER REIT AG's compliance management system is a needs-driven approach built on the pillars of prevention, investigation and response, and is regularly adapted to the latest demands and legal standards.

Our HR management is geared towards the requirements of the company and its employees. The relevant performance indicators are systematically tracked and regularly analysed. Employee surveys at our company planned for the future, their findings and the decision support are also part of our management approach in the area of employee development.

Moreover, with the assistance of external consultants, we are currently looking at implementing an environmental management system at our head office in Duisburg. Our roadmap for this is the EcoProfit environmental management system, with which we intend to methodically analyse where we stand now, track key environmental performance indicators and identify additional action requirements. We will be able to implement practical measures for optimising our environmental work and our carbon footprint on this basis moving ahead. The option of having the environmental management system certified in conjunction with a corresponding municipal programme is currently being considered.

The environmental management system is intended to help us to develop specific ESG KPIs that we plan to integrate into our controlling and the company's management system in future. The management system is geared towards contributing to the achievement of the respective goals. It extends from standardised investment analysis for individual projects to integrated budget and medium-term planning. Monthly controlling reports provide a timely indication of any deviations from planning; corresponding variance analyses are used to devise alternative courses of action.



Further information on the management system and the ESG KPIs can be found in the current HAMBORNER REIT AG ANNUAL REPORT.

In addition to analysis and providing decision support for optimising our own environmental efforts, moving forward the instruments should also be used to track and analyse ESG KPIs throughout our property portfolio, thereby enabling a management system with efficient operating costs and low resource impact. In the coming years, we will be providing our stakeholders with detailed information on specific standards of the reporting framework we use, including in particular the presentation of quantitative indicators.



Data management

Reliable and comprehensive data management is a key success factor for our sustainability management. Previously, ESG KPIs for our head office and for our property portfolio as whole were typically tracked individually and managed by the accounting department in Excel format. However, this method is time-consuming, ties up internal resources and, despite every effort to be thorough, is still prone to errors. On top of this, there is the added difficulty and inconvenience of asking our tenants or the respective utility companies for their consumption data.

We are therefore currently looking at various options for making data management for our portfolio more secure, more complete and more efficient. There are several potential providers and (software) solutions for optimising our operating management and advancing the digital monitoring of consumption values.

Following an invitation to tender, in the second half of 2020 we have already chosen a service provider that, among other things, will gradually convert electricity and gas meters throughout the portfolio to radio control. While this technical solution is initially limited to the common areas that we ourselves manage as access to tenants' consumption data is not (yet) allowed by law, a legal amendment in this context has already been announced for 2021. However, while converting the meters for the common areas, the technical requirements are already being established to convert the tenants' electricity and gas meters to radio control as well, thus enabling much greater efficiency in data management for all parties involved.

We also intend to optimise the reading of heating meters in the near future. More than a dozen service providers have so far been commissioned. This process is to be centrally organised in future; an invitation to tender is planned for the first quarter of 2021. Furthermore, we will handle the data management for our buildings' charging stations uniformly. We have already selected an external service provider to examine the entire portfolio for the installation of charging stations and to handle the full process for installation and billing at the individual stations.

Independently of the measurement methods used throughout the portfolio, in addition to the absolute performance indicators for the past financial year, in this document we also report like-for-like portfolio figures, i.e. for properties that were owned by the company for the whole of 2019 and the whole of 2018. Properties bought or sold during the reporting period are not included here. For the purposes of clarity, the data series therefore relate to the exact same portfolio.



STRATEGIC SUSTAINABILITY PROGRAMME

We consider the sustainability programme presented below to be the roadmap for achieving our sustainability goals in the key ESG action areas. These are tasks and challenges that relate directly to our core business.

STRATEGIC OBJECTIVE	DATE	MEASURES	STATUS
Corporate governance & dialogue			
Ongoing development of corporate governance structures in line with ESG criteria	From 2020	<ul style="list-style-type: none"> - Coordination and close cooperation with the Corporate Governance in the German Property Sector Initiative - Consideration of the German Corporate Governance Code and issuing regular declarations of compliance - Development of CG guidelines for the sector in cooperation with industry representatives and associations 	→
Expansion of sustainability management and strategic control of sustainability efforts	From 2020	<ul style="list-style-type: none"> - Internal workshops at management level - Regular materiality analyses and performance benchmarking 	○
Including employees in the development and implementation of the sustainability strategy	From 2020	<ul style="list-style-type: none"> - Internal workshops - Formation of the Sustainability Committee; regular meetings 	○
Increasing appeal to ESG-oriented investors by participating in relevant sustainability ratings / benchmarks	From 2020	<ul style="list-style-type: none"> - External reporting, including in accordance with GRI and EPRA - Application of relevant benchmarks and ratings 	→
Systematic stakeholder management and intensification of stakeholder dialogue	From 2020	<ul style="list-style-type: none"> - Development and implementation of a stakeholder relations management approach and engagement programme - Implementation of dialogue formats 	→
Ongoing development of risk management in relation to ESG risks	From 2021	<ul style="list-style-type: none"> - Consideration of corresponding criteria in the regular review of the risk management system 	→



→ Ongoing ○ Objective achieved



GRI 305-1
GRI 305-2
GRI 305-3
GRI 305-5

STRATEGIC OBJECTIVE	DATE	MEASURES	STATUS
Portfolio quality & optimisation			
Systematic analysis of ESG criteria in conjunction with property purchases	From 2021	<ul style="list-style-type: none"> - Creation of a catalogue of potential criteria 	→
Technical optimisation	From 2021	<ul style="list-style-type: none"> - Building technology modernisation 	→
Green leases	From 2020	<ul style="list-style-type: none"> - Reviewing terms of existing green leases - Creating a common reference framework - Active marketing of green leases 	→
Environmental management & climate protection			
Analysis of carbon emissions at HAMBORNER's head office in Duisburg	By 2021	<ul style="list-style-type: none"> - Collection and analysis of climate data (Scope 1/2) by external service providers - Identifying processes and consumption points relevant to emissions in the upstream and downstream chain that relate directly to building management (Scope 3) - Creating a catalogue of potential measures for optimising the carbon footprint 	→
Supplying common areas with electricity from renewable energies	Since 2018		○
Life cycle analysis of the entire property portfolio	From 2021	<ul style="list-style-type: none"> - Expansion of data management - Systematic recording and analysis of sustainability data and information - Expansion of cooperation with tenants - Implementation of new measurement instruments 	→
Reduction of CO ₂ emissions for the portfolio as a whole	From 2021	<ul style="list-style-type: none"> - Measurement of consumption data for the portfolio as a whole - Continuing previous Excel-based data collection - Implementation of new measurement instruments - Cooperation with tenants with regard to sourcing renewable energies - Modernisation and energy efficiency measures 	→
Systematic analysis of environmental standards in upstream and downstream processes	From 2021	<ul style="list-style-type: none"> - Creating a catalogue for analysing ecological criteria at strategically relevant business partners - Creating a catalogue of criteria for awarding contracts - Analysing the use of green cleaning products for common areas - Analysing the disposal of hazardous substances in conjunction with demolitions work 	→



→ Ongoing ○ Objective achieved






STRATEGIC OBJECTIVE	DATE	MEASURES	STATUS
Employee development			
Continuing professional development	From 2021	– Increasing the average number of training hours per employee per year	→
Expanding health management and occupational safety measures	From 2020	– Implementing a hygiene concept to curb viral infection risks	○
Promoting diversity and equal opportunities	By 2022	– Increasing the share of women on the Management Board to 30%	→
	By 2022	– Increasing the share of women at the second management level to 20%	→
Greater flexibility in working models	From 2020	– Creating corresponding agreements with the involvement of the Works Council	→
Safeguarding social standards in upstream and downstream processes	Ongoing	– Examining minimum wage compliance at partner companies	→

→ Ongoing ○ Objective achieved



We also intend to actively support the United Nations' Sustainable Development Goals, though

our direct influence on these global goals is limited and focuses on the three goals and the associated targets set out below.

SDG	DATE	TARGET
 #7 Affordable and Clean Energy	2030	#7.2 By 2030, increase substantially the share of renewable energy in the global energy mix #7.3 By 2030, double the global rate of improvement in energy efficiency
 #13 Take urgent action to combat climate change and its impacts	2030	#13.2 Integrate climate change measures into national policies, strategies and planning
 #17 Partnerships for the goals	2030	#17.17 Encourage and promote effective public, public-private and civil society partnerships



SUSTAINABILITY IN OUR CORE BUSINESS

📄
GRI 102-2
GRI 102-4
GRI 102-6
GRI 201-1

As an asset manager for commercial properties, we create value added, ensure stable and profitable business developments in the interests of our shareholders and take responsibility for our business activities in respect of other relevant interest groups. Our core business comprises portfolio management and optimisation in addition to the marketing of commercial space and properties for rental in Germany. In future, we also intend to carry out individual project developments to leverage potential for value added within the property portfolio in addition to possibly acquiring interests in investment partnerships.

CONTRIBUTION TO SUSTAINABLE VALUE ADDED

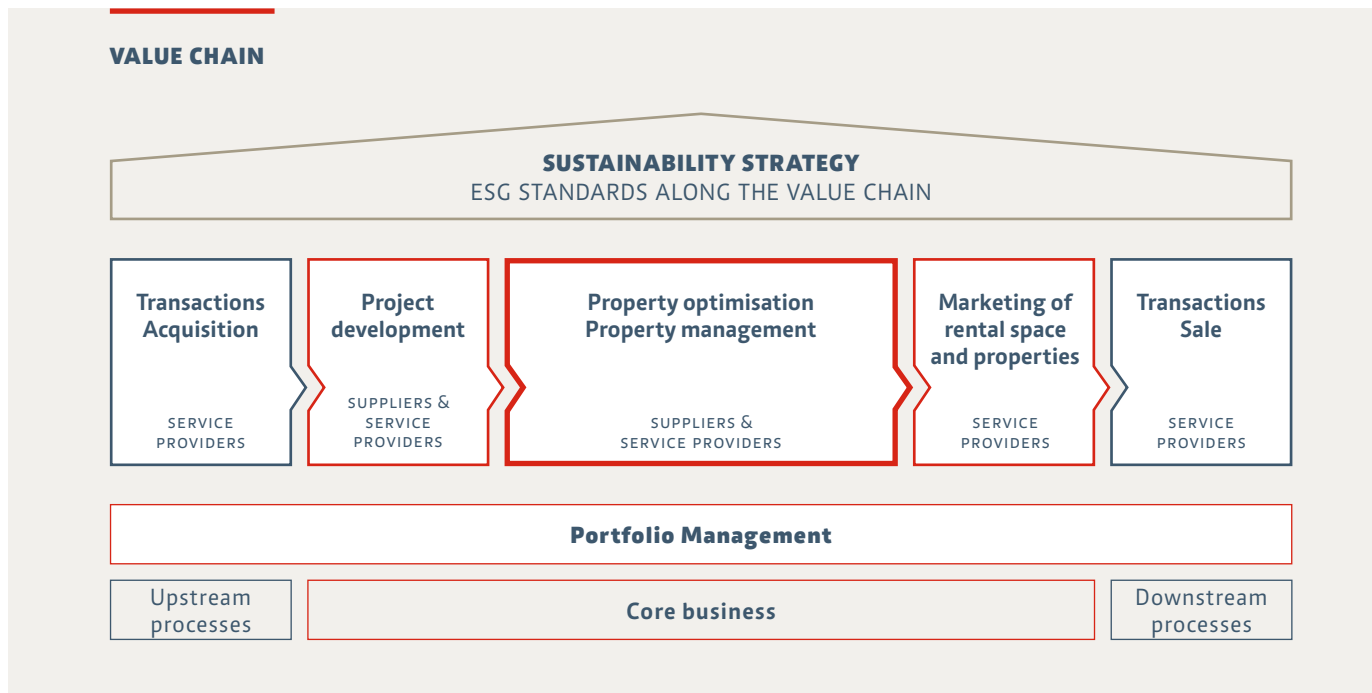
📄
GRI 102-9
GRI 308-1

Our sustainability activities primarily concentrate on the stages of value added for which we bear operational responsibility or in which we are at least directly involved. This is where we have the most influence and the most effective levers. However, we do not work alone or in isolation from other players. We therefore promote a common understanding of sustainability among our partners, service providers and suppliers. 📄 [SEE P. 12 \[STAKEHOLDER MANAGEMENT\]](#)

We are also increasingly exercising our influence on compliance with ESG criteria in the upstream and downstream processes of our core business. While we are going about this systematically, we have also encountered limits. There are various reasons for this. For instance, a full life cycle analysis covering the entire history of our existing buildings is typically only possible to a limited extent, as the necessary data and information are unavailable or not fully available when acquiring properties. However, we are making progress here as well: Our strategic sustainability programme intends a systematic analysis of ESG criteria in conjunction with property acquisitions in the medium term. The creation of a catalogue of potential criteria is also in the planning stages. We are therefore playing an active part in this aspect of the dynamic shift towards a sustainability-oriented property industry as well.

Our influence on compliance with environmental standards in downstream processes typically ceases before the end of the life cycle of the individual properties. This is simply due to that fact that the buildings in our portfolio are not typically demolished and our influence stops when the property is sold.

We are required by law to ensure social standards in upstream and downstream processes. We take this responsibility very seriously. For example, we check minimum wage compliance at our partner companies very thoroughly.





GRI 308-1
GRI 414-1

In our core business, we rely on various external services and products for day-to-day operations, and work with a number of other companies, suppliers and service providers. In building operations, these include facility or centre managers and skilled trades businesses. For rentals, tenant improvements, the renovation or modernisation of our buildings, we work very closely with architects, engineers and various skilled tradespeople.

We maintain clear and fair business relationships with all our partners, and expect strict adherence to order and contract context on both sides. Contracts are always awarded transparently and only after receiving and comparing corresponding offers. In doing so, we review all statutory requirements for industrial safety, working hours and minimum pay in addition to economic and technical criteria. In future, we intend to pay more attention to the use of environmentally friendly products and processes when awarding contracts. At the same time, we expect that our external partners also pay more attention to these competitive criteria so that together we can make a bigger contribution to sustainable value added in the development, administration and optimisation of our property portfolio.

PROPERTY PORTFOLIO

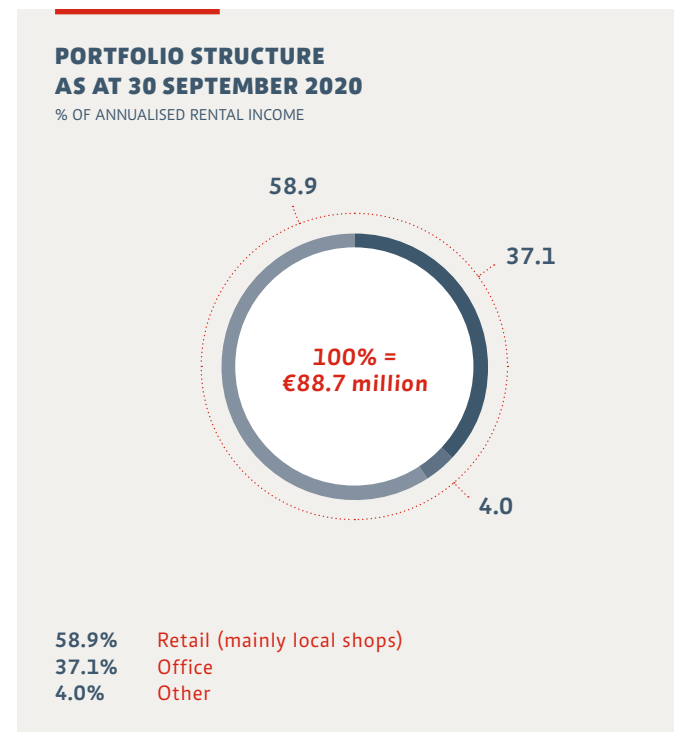
GRI 102-7
GRI 102-10
GRI 201-1

HAMBORNER's corporate strategy is geared towards value-adding growth through the yield-driven expansion and optimisation of its commercial property portfolio.

In conjunction with our growth strategy, we invested around €115 million and acquired five retail and office properties in total in 2019 and 2020. As in previous years, aspects relevant

to sustainability were taken into account in investment decisions. All the properties acquired are in excellent technical condition and satisfy the very latest building and energy standards. For example, the new office building in Neu-Isenburg acquired in January 2020 was certified "Platinum" – the highest level possible – by the German Sustainable Building Council (DGNB).

As before, we generate most of our rental income from retail space. Our current portfolio breaks down by types of use and contributions to rental income as follows:



Regarding the structure of our retail portfolio, in future we intend to focus more on food retail or small-scale shopping centres, which form the basis for our stable rental income with long-term planning certainty.

In addition to the yield-driven expansion of the property portfolio, our business activities focus on the ongoing optimisation of our portfolio. Active and efficient portfolio management demands the regular review of our existing properties with regard to their consistency with strategy, their risk-return profile and the stability of rental income. In this context, in the period from January 2019 to October 2020, we identified and sold a total of three properties. These are primarily smaller, inner-city high street stores that were no longer consistent with strategy on account of their quality or rental situation.

Another key part of portfolio management is regularly reviewing our existing properties to identify optimisation opportunities. Targeted renovation and modernisation work contribute towards increasing the quality and attractiveness of our properties and have a strong effect on portfolio performance.

To maintain our high quality standards in the long term and to keep pace with our tenants' growing needs, we stepped up our modernisation and maintenance expenditure again in the 2019 financial year and invested €8.7 million in total in our buildings (previous year: €7.4 million). Over the course of the year, several of our portfolio properties were modernised in line with the latest energy standards to ensure the continued rental potential of the buildings in the long term. Maintenance expenses amounted to €5.5 million (previous year: €5.5 million) and capex to €3.2 million (previous year: €1.9 million). Measures particularly relevant to sustainability included investment in state-of-the-art heating and cooling technology (around €0.8 million) and roof renovation work with modern heat insulation (around €0.5 million).

PORTFOLIO ADDITIONS 2020

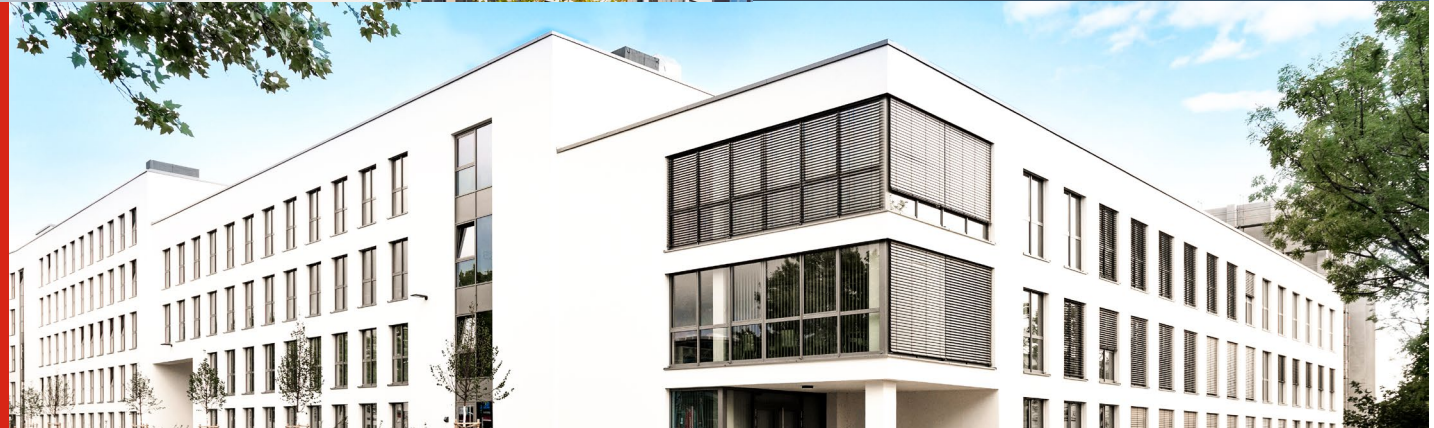


NEU-ISENBURG

ASSET Office	ADDITION 2020	INVESTMENT VOLUME €17.9 million
	GROSS INITIAL YIELD 5.5%	RENTAL SPACE 4,500 m²
MAIN TENANT UBL, Köster	ADDRESS Siemensstrasse 10a 63263 Neu-Isenburg	

AACHEN

ASSET Office	ADDITION 2020	INVESTMENT VOLUME €39.9 million
	GROSS INITIAL YIELD 5.1%	RENTAL SPACE 8,200 m²
MAIN TENANT Barmer, AOK	ADDRESS Grüner Weg 110 52070 Aachen	



BONN

ASSET Office	ADDITION 2020	INVESTMENT VOLUME €28.8 million
	GROSS INITIAL YIELD 5.3%	RENTAL SPACE 6,200 m²
MAIN TENANT Barmer, Bonnfinanz	ADDRESS Soenneckenstrasse 10-12 53119 Bonn	





As a result of expansion and optimisation work, the market value of our property portfolio increased by more than €100 million between January 2019 and October 2020 to a total of €1.626 billion.

Looking ahead, we have used the past few months to revise our portfolio strategy in close coordination with the Supervisory Board, and to make some changes in the light of current market conditions. In doing so, our clear goal was to build on the company's existing strengths and to augment them with further potential for future value-adding growth.

We intend to maintain HAMBORNER's established "two-pillar model" and continue to invest in both retail and office properties. However, our amended portfolio approach also includes adjusting certain elements of our investment profile. On the basis of the existing stable core portfolio, which is to be expanded in both asset classes, we also plan to invest in selected properties that offer additional potential for appreciation. In particular, these properties will be characterised by more significant rental, modernisation or repositioning requirements.

We are confident that, with the professional expertise that we possess within our team, we will be able to identify and leverage corresponding potential, also in line with additional ESG criteria, and thereby create a foundation for future growth.

TRACKING AND ANALYSIS OF ENVIRONMENTAL PERFORMANCE INDICATORS IN THE PROPERTY PORTFOLIO

So as to be able to analyse the environmental impact of the use of our portfolio, we have been tracking heating energy, electricity and water consumption data since 2012.



The overwhelming majority of our tenants provided us with their consumption data for the 2019 reporting year. However, some tenants were sceptical about sharing information on sustainable building operations in the past. Nonetheless, a willingness to cooperate in providing data on energy consumption, water consumption and waste volumes, to which we do not have direct access as a landlord, is of fundamental importance for establishing a reliable life cycle analysis. As part of our stakeholder engagement programme **SEE P. 11 onwards** we will increasingly include these issues in the dialogue with our tenants in the coming year, thereby also advancing the systematic tracking of other environmental and climate data for the whole of our portfolio. This is also intended to include the analysis of waste data moving ahead.

In addition to our constructive stakeholder dialogue, in 2019 we created another lever for reliably sharing ESG data by introducing green leases. Unlike standard leases, green leases include an additional general clause intended to guarantee the regular sharing of data and thereby contributing to the ongoing growth of our analysis portfolio. We intend to further increase the number of green leases in future, and to report on our progress.

The tracking of environmental data therefore remained incomplete in some cases over the past reporting cycle. Below, we have documented the key consumption indicators for our property portfolio that were available to us for the period 2017 to 2019.

NUMBER OF PROPERTIES

	2019	2018	2017
Property portfolio as at year-end	79	78	74
Heating energy consumption analysis			
– Properties with usable data for the reporting year	58	53	62
– Properties with usable data for two years	44	51	50
Electricity consumption analysis			
– Properties with usable data for the reporting year	64	61	68
– Properties with usable data for two years	53	59	56
Water consumption analysis			
– Properties with usable data for the reporting year	61	60	63
– Properties with usable data for two years	47	47	48

TOTAL CONSUMPTION OF ANALYSED SUB-PORTFOLIO

	2019	2018	2017
Heating energy consumption			
Number of buildings analysed	58	53	62
Total kWh	26,692,631	27,015,451	32,233,954
Electricity consumption			
Number of buildings analysed	64	61	68
Total kWh	28,353,442	32,570,873	34,381,385
Water consumption			
Number of buildings analysed	61	60	63
Total m ³	181,516	181,275	152,924

The analysis of the consumption indicators in the respective sub-portfolios produced the following results and details:

Heating energy consumption in 2019

Heating energy consumption of the analysis portfolio of 58 properties amounted to 26,692,631 kWh in 2019. With a total usable area in the properties analysed of around 463,000 m² (76% of the HAMBORNER portfolio), average consumption amounts to 57.7 kWh per m². This corresponds to a decline of 7.3% year-on-year or 12.8% as against the end of 2017.

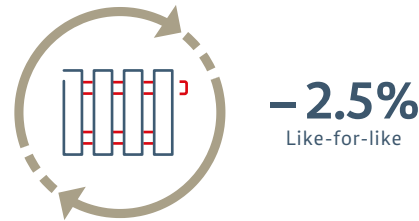
AVERAGE HEATING ENERGY CONSUMPTION

IN KWH/M ² OF USABLE FLOOR AREA	Portfolio	Office	Retail
2019: 58 properties 462,755 m ² of usable floor area	57.7	60.0	56.7
2018: 53 properties 434,393 m ² of usable floor area	62.2	62.9	61.9
2017: 62 properties 487,539 m ² of usable floor area	66.1	65.9	66.2

Heating energy consumption in the like-for-like portfolio

The like-for-like analysis portfolio for heating energy consumption in 2018 and 2019 comprises 44 properties in total. The 30 retail and 14 office properties account for around 56% of the properties in our portfolio as a whole in 2019, and have a total usable area of 342,628 m². The analysis included consumption data for buildings heated by gas, district heating or oil. Gas and district heating are the dominant types of heating in this sub-portfolio with respective shares of 59% and 36%. In total, the 44 properties used 21,292,858 kWh for heating in 2019. The figure for 2018 had been 21,849,804 kWh, and is therefore 2.5% lower.

HEATING ENERGY CONSUMPTION



Electricity consumption in 2019

The sub-portfolio for the analysis of electricity consumption in 2019 consists of 64 properties. The sub-portfolio has a total usable area of 516,763 m². This corresponds to around 83% of the total area of the HAMBORNER portfolio.

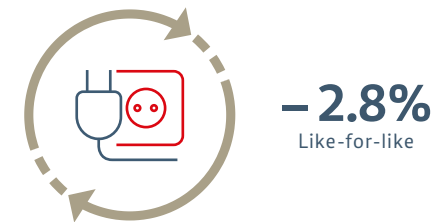
Shared and tenant electricity consumption of 28,353,442 kWh was registered in 2019. In 2018, the value for the analysis portfolio of 61 properties at the time was 32,570,873 kWh. However, it is not appropriate to state an average value for the entire sub-portfolio here as there is still only data on general electricity consumption for some of the properties, and general electricity consumption cannot be shown relative to the total usable floor area of the sub-portfolio. As has previously been

stated, we are still pursuing the goal of expanding data collection to consumption at portfolio and individual property level, and of acquiring additional data on electricity usage by our tenants.

Electricity consumption in the like-for-like portfolio

Of the 64 properties in total, there are usable data for 53 for the 2018 and 2019 reporting year. This sub-portfolio has a total usable area of 416,793 m². This corresponds to around two thirds of the total area of the HAMBORNER portfolio. Electricity consumption recorded in the 53 buildings amounted to 26,208,539 kWh in 2019. Total consumption of 26,962,799 kWh was registered for the same sub-portfolio in 2018. Compared to the previous year, electricity consumption was therefore down by 2.8% in total, and by 2.5% for retail properties and 5.0% for office properties.

ELECTRICITY CONSUMPTION



Greenhouse gas emissions

In order to guarantee a valid database for CO₂ emissions, we intend to enhance the quality of our analysis in the coming years, and to gradually switch to a differentiated analysis of market- and location-based CO₂ emissions factors. In calculating the consumption and emissions data documented below for 2018 and 2019, we used the CO₂ conversion factor published by the German Federal Environment Agency for the German electricity mix of 0.53 kg per kWh.

Converted into CO₂ emissions, the total electricity consumption of the 64 properties analysed in 2019 of 28,353,442 kWh corresponds to 15,027 tonnes of CO₂. In 2018, the 61 properties under consideration caused CO₂ emissions of 17,263 tonnes.

GRI 305-5

In 2017 the course was set for further reducing emissions of greenhouse gas, and there was an invitation to tender to supply our portfolio properties with shared electricity moving ahead. After the tendering process was completed in 2018, we contractually agreed that all existing properties in which HAMBORNER is responsible for providing common areas will be supplied with shared electricity from renewable sources by the end of 2020. We therefore achieved this goal on schedule.

Greenhouse gas emissions in the like-for-like portfolio

GRI 305-4

In the 2019 reporting year, the 53 properties in the like-for-like portfolio caused CO₂ emissions of 13,891 tonnes. In 2018, CO₂ emissions for the same properties amounted to 14,398 tonnes. This corresponds to a decline of greenhouse gas emissions of 3.5%.

Water consumption in 2019

All properties in the portfolio are generally supplied with water by their respective municipal water utilities, which mostly obtain their resources from groundwater with significantly smaller shares from surface and spring waters.

The sub-portfolio for the analysis of water consumption in 2019 comprised 61 properties. The total usable space of the sub-portfolio analysed was 524,513 m². The water consumption by the 61 properties analysed amounted to 181,516 m³ in 2019. Based on the total usable area, average consumption was 0.35 m³/m². Water consumption was therefore down by 6.7% in total year-on-year. While average water consumption in the retail properties analysed remained virtually constant, consumption in office properties declined by around 29%.

AVERAGE WATER CONSUMPTION

IN M ³ /M ² OF USABLE FLOOR AREA	Portfolio	Office	Retail
2019: 61 properties 524,513 m ² of usable floor area	0.35	0.22	0.40
2018: 60 properties 488,656 m ² of usable floor area	0.37	0.31	0.40
2017: 63 properties 478,988 m ² of usable floor area	0.32	0.30	0.30

Water consumption in the like-for-like portfolio

Water consumption data for the like-for-like comparison of 2018 and 2019 was available for a total of 47 properties. The usable space of the 47 properties is equivalent to around 70% of the overall HAMBORNER portfolio. Total water consumption in 2019 amounted to 135,733 m³ in the 31 retail and 16 office properties. Water consumption for the same sub-portfolio was 166,928 m³ in 2018. This marks a year-on-year reduction of 18.7% in total. Consumption in the office properties analysed was down 24.2% on the previous year, while water consumption was down by 16.7% in the retail properties analysed.

WATER CONSUMPTION



-18.7%
Like-for-like

ENVIRONMENTAL MANAGEMENT & CLIMATE PROTECTION AT THE DUISBURG HEAD OFFICE

GRI 102-3

HAMBORNER REIT AG's head office is in Duisburg. An average of 41 people worked here in the 2019 financial year. [SEE P. 27 ONWARDS](#). [FURTHER INFORMATION ON WORK-FORCE]. Instead of opening branch offices as the company grew, the Management Board of HAMBORNER REIT AG decided back in 2015 to extend and renovate the building complex at the traditional site of its head office in Duisburg. In 2015 and 2016, a state-of-the-art extension was built, the existing building was extensively renovated and both sections were combined to create a new architectural complex.



HAMBORNER REIT AG's head office in Duisburg.



ENERGY AND WATER CONSUMPTION / WASTE VOLUMES

GRI 302-1
 GRI 302-3
 GRI 303-1
 GRI 306-2

GRI 301-2
 GRI 305-5
 GRI 306-2

The extension and renovation work was performed according to the latest energy standards and using high-quality materials. Environmental aspects such as reducing CO₂ emissions were taken into account in the selection of technical components by installing a modern and individually adjustable air conditioning system with heat recovery.

	2019	2018	2017	Δ since 2017
Usable floor area in m ²	1,630	1,630	1,630	n/a
Number of employees (annual average)	41	39	36	+ 13.9%
Heating energy consumption				
Total consumption in kWh	43,701	42,321	113,800	- 61.6%
in kWh / m ²	27	26	70	- 61.6%
in kWh / employee	1,066	1,085	3,161	- 66.3%
Electricity consumption				
Total consumption in kWh	119,600	120,200	95,068	+ 25.8%
in kWh / m ²	73	74	58	+ 25.8%
in kWh / employee	2,917	3,082	2,641	+ 10.5%
Water consumption				
Total consumption in m ³	413	490	292	+ 41.4%
in m ³ / m ²	0.3	0.3	0.2	+ 41.4%
in m ³ / employee	10.1	12.6	8.1	+ 24.2%
Waste volume				
Total residual waste volume in m ³	25.0	25.0	25.0	n/a
Residual waste in m ³ / m ²	0.015	0.015	0.015	n/a
Residual waste in m ³ / employee	0.608	0.640	0.0693	- 12.2%
Total recycling waste volume in m ³	7.8	7.8	7.8	n/a
Recycling waste in m ³ / m ²	0.005	0.005	0.005	n/a
Recycling waste volume in m ³ / employee	0.190	0.200	0.217	- 12.2%
Total paper waste in m ³	28.6	28.6	28.6	n/a
Paper waste in m ³ / m ²	0.018	0.018	0.018	n/a
Paper waste in m ³ / employee	0.698	0.733	0.794	- 12.2%

Δ = Change

The renovation and extension of the head office in Duisburg-Hamborn and the associated use of the new heating and cooling system resulted in significant savings in heating energy consumption at the expense of electricity consumption. Electricity has been exclusively sourced from renewable energies since 1 January 2020.

Since 2016, the new complex has formed the technological basis for tracking our ESG KPIs. The table below provides an overview of energy and water consumption at the Duisburg site. Furthermore, for the first time, this report also contains data on waste volumes for the company's head office, also going back for the past three years.

In future, we will systematically expand the tracking and analysis of climate and environmental data at our offices in Duisburg. While data management and the measures built on that for our portfolio of rented properties can only be implemented in the medium term and in cooperation with our tenants, our own headquarters in Duisburg give us the chance to quickly determine reliable data for manageable scopes, and then to take potential optimisation action in the field of environmental management and climate protection.

Our goal is also to initiate a pioneering project and to lead by example. Moving forward, we also want to use the expertise and instruments developed at our head office for the environmental and CO₂ analysis of our property portfolio as a whole.



GRI 305-1
GRI 305-2
GRI 305-3
GRI 305-5

By the end of the first quarter of 2021, one of the goals of our strategic sustainability programme is to achieve a methodical life cycle analysis of CO₂ emissions (including CO₂ equivalents) in accordance with the Greenhouse Gas Protocol. To do so, we will calculate and document the emissions that we ourselves produce at our own location (Scope 1) and the emissions due to purchased energy (Scope 2).

Furthermore, with the assistance of external consultants, we will analyse the Scope 3 emissions data by identifying processes and consumption points relevant to emissions in the upstream and downstream chain that relate directly to building management.

GRI 305-5

Following the methodical analysis of the data available and extrapolated for Scopes 1 to 3, we intend to develop a concept for optimising our carbon footprint in the medium term. However, we do not yet wish to make binding statements or declare a deadline for achieving CO₂ neutrality at our Duisburg site at the present time. The analysis of the data collected will first be followed by the production of a catalogue of potential measures for reducing current greenhouse gas emissions in our own processes with options for procuring low-CO₂ procedures and products. It is intended that this catalogue will then serve as the basis for developing a climate strategy and other decisions.

In addition to tracking CO₂, we will expand full life cycle analysis at our Duisburg site in line with the methods of a conventional environmental management system in the near future.

SEE P. 14 [MANAGEMENT APPROACHES].

ENVIRONMENTAL PROTECTION IN A4 SHEETS



tonnes
of greenhouse gas reductions by 2025

Even small steps will get you where you're going

In 2021 we will launch our systematic environmental and climate management at our Duisburg headquarters. Nonetheless, we already took our first small steps towards reducing our carbon footprint in 2020.

One example: Optimisation of our printer landscape

Reduction of the printer landscape from 45 to 3

Acquisition of new and energy-efficient printers from a manufacturer that transparently presents and compensates the GHG emissions generated by the production and transport of printers by contributing to projects by the ClimatePartner organisation.

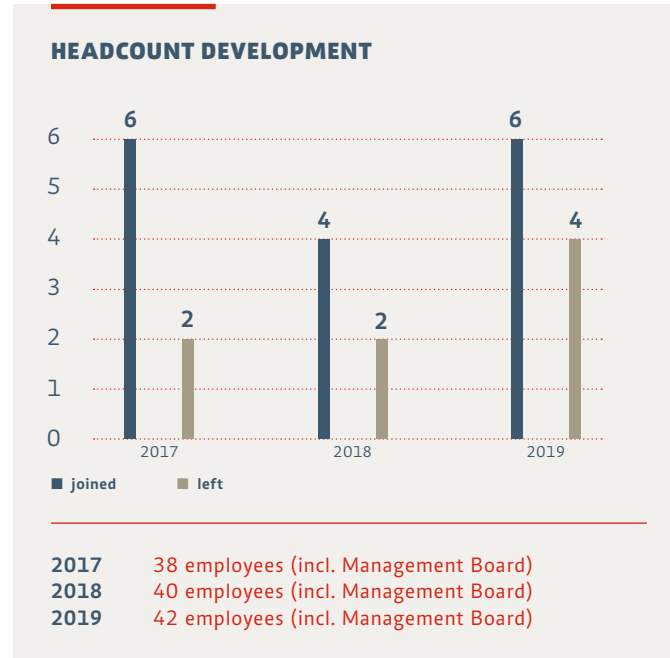
Saving on additional resources through the conscious and lean use of printers in our day-to-day office work.

SUSTAINABLE EMPLOYER

In examining key sustainability issues in 2020, we once again took a critical look at HAMBORNER REIT ag's responsibility as an employer. Employee development was thus defined as another key action area. Here we intend to leverage additional potential and master new challenges.

Thorough and comprehensive HR planning is crucially important to the growth and success of our company. At every operational level and in every area of the company, we require a sufficient number of qualified and dedicated employees. We will therefore continue to review our HR capacities on a regular basis in future, actively recruiting for individual divisions and departments as necessary.

HAMBORNER had 42 employees in total as at the end of 2019 (previous year: 40). 40 employees work full-time with two working part-time. HAMBORNER also had two trainees in 2019 (previous year: 1). Two employees were on parental leave in the reporting year. The following chart provides an overview of the changes within the HAMBORNER workforce:



Employee turnover was again consistently low at HAMBORNER REIT AG by market standards over the past year: As at the end of 2019, employees had been with the company for an average of 9.0 years, a further slight increase as against the previous year (2018: 8.9 years).

Moving ahead, we can retain qualified members of staff in the long term only if we continue to position ourselves as an attractive and reliable employer that offers its employees intriguing job profiles and development prospects.

A rising number of personalised and targeted training and continuing professional development hours per employee per year is therefore one of the top priorities.

TRAINING HOURS



Our employees completed 9.8 hours of external training on average in 2019 (gender independent), the same as in 2018. Continuing development built on the professional requirements of the individual employees and was supplemented by training on issues that affect all departments, such as compliance.

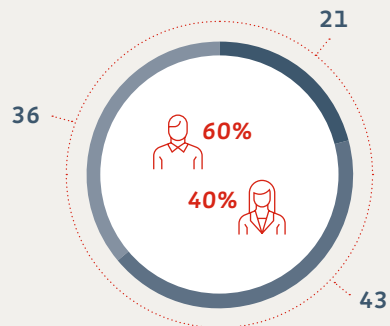
We intensified our continuing professional development again in 2020, and created a training initiative that grants every employee access to personal development options. The individual requirements are determined by the competent heads of department in regular employee reviews and in close consultation with the Management Board. Our goal is thus to identify our employees' potential together with them, to develop their skills and to make better use of their abilities. For the coming reporting cycle, we are also planning a separate presentation of continuing professional development with quantitative data by gender and employment category.

GRI 102-8

Another angle for the development of our employees and the positioning of HAMBORNER REIT AG as a modern employer is to create concepts for more flexible working models that take into account issues such as work-life balance and reasonable options for working from home and individual part-time agreements. Corresponding framework agreements will be adopted by HR and the Works Council after the draft concepts have been examined by the Management Board.

EMPLOYEE STRUCTURE

IN %



21%	9 employees under 35
43%	18 employees 35 to 49
36%	15 employees older than 50

The total number of HAMBORNER employees was 42 as at 31 December 2019.

GRI 405-1

Our materiality analysis also found that some of our previous sustainability issues no longer have to be treated as standalone action areas. For example, these include equal opportunities and diversity, which are already monitored and ensured by the principles and mechanisms of our corporate governance and (HR) management. Our day-to-day activities and our corporate governance are defined by clear principles of ethics and integrity. One aspect of this is that no employee can be disadvantaged in terms of work assignments or remuneration on the basis of a diversity dimension (sex, nationality, ethnic origin, religion or beliefs, disability, age, sexual orientation or identity).

Compliance with these principles creates trust and mutual respect. We therefore do not feel that urgent action is required here in the context of our sustainability management. This is also true for gender equality at our company: The goal here has been clearly defined and increasing the share of women at management level and in the Management Board is a fixed component of HAMBORNER REIT AG's strategic trajectory. [SEE P. 18 \[STRATEGIC SUSTAINABILITY PROGRAMME\]](#)

The analysis of the previous action area of health management and occupational safety delivered similar results. These concerns are still a top priority in our company, but not an urgent action area in terms of our sustainability management. Rather, we take it for granted that in the coming years we will take all measures necessary and available to safeguard the health of our employees and to offer a working environment in which they are protected from risks and hazards.

GRI 404-2

Here, too, employee development is a crucial factor: Active prevention and training activities help us to avoid accidents and work-related illnesses. Our employees therefore receive regular training on occupational safety, fire and health protection. However, we cannot influence all risk factors when it comes to accidents while travelling for business. In addition to statutory accident insurance, we have therefore also taken out group accident insurance for employees who travel on business on behalf of HAMBORNER REIT AG.



GRI 102-8
GRI 403-1

Internal responsibility for health management and occupational safety lies with our Work Health and Safety Committee, which meets regularly and consists of our safety officers, the Management Board, a representative of the Works Council, the company doctor and external security experts. The good positioning of our health management has also recently been demonstrated by the implementation of our hygiene concept for curbing viral infection risks during the coronavirus pandemic.



GRI 414-1

We also monitor strict compliance with occupational safety and social standards at our partner companies. This applies to ensuring minimum wages as well.

Regarding information on the remuneration structure at HAMBORNER REIT AG, we strictly adhere to statutory transparency requirements and the corresponding regulations for listed stock corporations.



See also the remuneration report section in the current **HAMBORNER REIT AG ANNUAL REPORT FROM PAGE 34 ONWARDS.**



GRI 102-41

HAMBORNER REIT AG is not party to collective bargaining agreements. In terms of employee remuneration, individual basic salaries are agreed with employees based on their respective job profiles. If necessary, we determine the equivalence of activities on the basis of the specific respective requirements. At the same time, we ensure that the diversity dimensions listed above do not affect the results of negotiations. We operate by the principle that all employees receive fair and competitive remuneration, which is regularly reviewed and adjusted, if necessary, in line with individual performance and qualifications or changes in circumstances.

The issues listed are managed at our company by secure and proven systems and mechanisms. They are always treated as a top priority, but will no longer be considered material or critical in the context of our sustainability management in future. The focus will therefore exclusively be on the action area of employee development.

Moving forward, a key challenge in this area will be raising employee awareness and preparing them for new activities in the context of our sustainability management. In the years ahead, all the strategic sustainability objectives and measures devised by our internal Sustainability Committee **SEE P. 16 ONWARDS [STRATEGIC SUSTAINABILITY PROGRAMME]** must be understood, supported and implemented by our employees. Internal communication on sustainability issues and employee development for the implementation of the necessary measures therefore represent key success factors.



SOCIAL RESPONSIBILITY AND COMMITMENT

Our sustainability report primarily documents the key ESG issues in the specific context of our core business and the resulting challenges and measures. In this section, we look at supplementary aspects of our direct and indirect influence on social development at state and municipal level, and briefly describe our voluntary social commitment beyond our core business.



GRI 203-1

HAMBORNER REIT AG already shoulders great social responsibility as a reliable employer for around 40 people, and indirectly for their families as well. Furthermore, we are responsible for the development of the social and urban surroundings of our properties. This is because our properties are a physical part of the infrastructure of their cities and communities. On top of this, many of our tenants are large food retailers. By letting our commercial properties, we therefore also indirectly help to safeguard local shops, the value of which was made especially clear in the context of the coronavirus pandemic in 2020.

We see our contribution to the development of cityscapes as part of our social responsibility as well: When modernising or renovating buildings we pay strict attention to the respective

city and preservation statutes, for example to guarantee the protection of historic façades. This typically ensures the preservation of a consistent cityscape and the adequate integration of our properties into their surroundings.



GRI 102-12
GRI 102-13
GRI 413-1

As at 30 September 2020, HAMBORNER REIT AG owned 81 properties in 60 different municipalities and towns in Germany. We maintain contacts going back years with local authorities and offices at many of these locations. We regularly take part in local business initiatives, interest groups and marketing measures to further increase the attractiveness of locations and footfall for our properties.

The Management Board and employees of HAMBORNER REIT AG are also involved in various organisations, initiatives and interest groups, such as the German Property Federation (ZIA), the European Public Real Estate Association (EPRA) and the Corporate Governance in the German Property Sector Initiative (ICG).

We are actively involved in the development of ESG criteria specific to our industry and the modification of corporate governance guidelines, and we contribute to the shift towards a sustainability-oriented property industry that practices social responsibility.

We also demonstrate social engagement outside our core business and independently of the company's actual value added by supporting local social projects. We traditionally focus on projects for the education and skills development of young people in particular. And we can also build bridges with our industry by supporting education and research institutions, such as the German Society of Property Researchers (gif).





GLOSSARY & NAMES

CO₂	Carbon dioxide is a gas primarily generated by the combustion of fossil fuels. The increase in CO ₂ in the atmosphere is considered to be a primary cause of climate change.	Institut für Corporate Governance in der deutschen Immobilienwirtschaft e. V. (ICG)	The Institute's aim is to devise and establish principles of transparent and professional corporate governance in the property industry. (🌐 WWW.ICG-INSTITUT.DE)
ESG	This stands for "environmental, social and corporate governance" and first became established in the finance sector before increasingly spreading to other sectors as well. The "financial" aspect of the triple bottom line concept is left out here and more emphasis is placed on (sustainable) corporate governance.	Like-for-like approach	Changes within a portfolio due to acquisitions and disposals can cause the indicators presented to differ significantly from the values for the previous year. Like-for-like performance indicators are calculated taking such portfolio changes into account. The like-for-like approach therefore provides additional useful information when analysing the performance of property portfolios.
European Public Real Estate Association (EPRA)	EPRA is a European association of listed property companies and represents financial analysts, investors, auditors and consultants as well. EPRA publishes the Sustainability Best Practices Recommendations (sBPR) as a frame of reference for sustainability management and reporting in the property sector. (🌐 WWW.EPRA.COM)	Real estate investment trust (REIT)	Listed companies with tax transparency that invest exclusively in commercial properties. REITs allow investors to invest in properties indirectly by buying shares. The majority of profits are distributed. Taxation occurs at investor level only (tax transparency).
German Property Federation (ZIA)	The German Property Federation is the leading interest group for the German property industry. It comprehensively bundles and represents the interests of its members in informing the public, politicians and administration. The ZIA assists the industry on sustainability matters, including by publishing the Practical Guidelines for Effective Social Action by the German Property Industry.	Stakeholders	This refers to all (relevant) parties, i.e. all persons, groups or institutions, that are directly or indirectly affected by a company's activities or that have some interest in such activities. Stakeholders attempt to influence the company and should be involved in strategic decisions. The stakeholder approach is especially important in the context of developing ESG / sustainability strategies.
German Sustainable Building Council (DGNB)	The DGNB is a non-profit organisation whose goal is to promote change in the building and property market, engendering an appropriate understanding of quality as a foundation for responsible and sustainable action. (🌐 WWW.DGNB.DE/EN/)	Sustainability	In business terms, sustainability means considering ecological, financial and social aspects in connection with core business and with upstream and downstream processes.
Gesellschaft für immobilienwirtschaftliche Forschung e. V. (gif)	gif promotes property industry research and teaching. It creates bridges between science and the economy, establishes standards to increase market transparency and advances the professionalisation of the industry. (🌐 WWW.GIF-EV.DE)	Triple bottom line sustainability model	The model is based on the equal implementation of environmental, financial and social goals with the aim of sustainable development. The applicability of the theoretical triple bottom line concept in business practice has increasingly been called into question in recent years and replaced by other models, approaches and instruments.
Global Reporting Initiative (GRI)	The Initiative develops internationally recognised guidelines for sustainability reporting by incorporating a variety of stakeholders and is constantly adjusting these. The GRI is a partner to the United Nations Environment Programme (UNEP). The GRI Secretariat is based in Amsterdam. (🌐 WWW.GLOBALREPORTING.ORG)		
Government Commission on the German Corporate Governance Code	The Government Commission set up by the German Ministry of Justice in September 2001 passed the first version of the German Corporate Governance Code on 26 February 2002. It has been regularly amended since then.		
Greenhouse Gas Protocol	The Greenhouse Gas Protocol (GHG Protocol) is a globally recognised standard for quantifying and managing greenhouse gas emissions that is used by numerous companies in different sectors, NGOs and governments. The reporting framework is supplemented by recommendations for emissions-reducing projects.		



GRI CONTENT INDEX



HAMBORNER REIT AG's sustainability report for the 2019 reporting cycle is based on the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). This report was prepared in accordance with the GRI Standards: Option: Core. All GRI Standards referenced in the following index are taken from the 2016 published version. The GRI's Services department has reviewed the clarity of the information presented in the GRI content index and the accuracy of the references for all disclosures with the corresponding

sections in the main body of the report. This service was performed for the German version of the report.

Furthermore, the EPRA's Sustainability Best Practices Recommendations (sBPR) and the ZIA's Sustainability Guideline recommend individual GRI Standards for documenting key issues. The table therefore also provides an overview of which of these key performance standards EPRA or the ZIA recommend reporting.



GRI STANDARD	INFORMATION	PAGE / URL
GRI 101: Foundation		
GRI 102: General Disclosures		
Organisational profile		
102-1	Name of the organisation	2
102-2	Activities, brands, products and services	2, 19
102-3	Location of headquarters	24
102-4	Location of operations	19
102-5	Ownership and legal form	10, WWW.HAMBORNER.DE/EN/HAMBORNER-REIT/COMPANY.HTML
102-6	Markets served	2, 19
102-7	Scale of the organisation	20, WWW.HAMBORNER.DE/EN
102-8	Information on employees and other workers	27ff.





GRI STANDARD	INFORMATION	PAGE / URL
102-9	Supply chain	19
102-10	Significant changes to the organisation and its supply chain	3, 4, 20, 21
102-11	Precautionary principle or approach	4, 7
102-12	External initiatives	30
102-13	Membership of associations	30
Strategy		
102-14	Statement from senior decision-maker	3, 4
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	6
Governance		
102-18	Governance structure	6
Stakeholder engagement		
102-40	List of stakeholder groups	10
102-41	Collective bargaining agreements	29
102-42	Identifying and selecting stakeholders	10
102-43	Approach to stakeholder engagement	10 onwards
102-44	Key topics and concerns raised	11, 12, 13





GRI STANDARD	INFORMATION	PAGE / URL
Report parameters		
102-45	Entities included in the consolidated financial statements	5, WWW.HAMBORNER.DE/EN/HAMBORNER-REIT/COMPANY.HTML
102-46	Defining report content and topic boundaries	13
102-47	List of material topics	13
102-48	Restatements of information	5
102-49	Changes in reporting	5
102-50	Reporting period	5
102-51	Date of most recent report	5
102-52	Reporting cycle	5
102-53	Contact point for questions regarding the report	5, 38
102-54	Claims of reporting in accordance with the GRI standards	5, 32
102-55	GRI content index	32
102-56	External assurance	5





GRI STANDARD	INFORMATION	PAGE	NOTE ON OMISSIONS AND OTHER INFORMATION	EPRA	ZIA
GRI 103: Management Approach					
(This reference to GRI 103: Management Approach 2016 and the corresponding information on 103-1, 103-2 and 103-3 apply to all key issues covered in the content index.)					
103-1	Explanation of the material topic and its boundaries	14		✓	✓
103-2	The management approach and its components	14		✓	✓
103-3	Evaluation of the management approach	14		✓	✓
LIST OF MATERIAL TOPICS					
GRI 200 – Economic Disclosures					
GRI 201: Economic Performance					
201-1	Direct economic value generated and distributed	20			✓
GRI 203: Indirect Economic Impacts					
203-1	Infrastructure investments and services supported	30			
GRI 205: Anti-corruption					
205-2	Communication and training about anti-corruption policies and procedures	7			
GRI 300: Environmental Disclosures					
GRI 301: Materials					
301-2	Recycled input materials used	25	While the ecological quality and properties of the materials used were considered in construction projects, renovation work in the property portfolio and at the Duisburg head office in previous years, there was however no systematic documentation. This is set to change in future with life cycle analysis planned for the entire portfolio as well as options for the increased use of recycled building materials under consideration.		





GRI STANDARD	INFORMATION	PAGE	NOTE ON OMISSIONS AND OTHER INFORMATION	EPRA	ZIA
GRI 302: Energy					
302-1	Energy consumption within the organisation	25		✓	✓
302-2	Energy consumption outside the organisation	22, 23			✓
302-3	Energy intensity	23, 25		✓	✓ (CRESS 1)
302-4	Reduction of energy consumption	23			
GRI 303: Water					
303-1	Total water withdrawal by source	24, 25		✓	✓
GRI 305: Emissions					
305-1	Direct greenhouse gas emissions (Scope 1)	17, 26		✓	
305-2	Indirect greenhouse gas emissions (Scope 2)	17, 23, 26		✓	✓
305-3	Other indirect greenhouse gas emissions (Scope 3)	17, 26			
305-4	GHG emissions intensity	23, 24		✓	
305-5	Reduction of GHG emissions	4, 8, 13, 17, 18, 24 – 26			
GRI 306: Effluents and Waste					
306-2	Waste by type	22, 25		✓	✓
GRI 308: Supplier Environmental Assessment					
308-1	New suppliers that were screened using environmental criteria	12, 19, 20			





GRI STANDARD	INFORMATION	PAGE	NOTE ON OMISSIONS AND OTHER INFORMATION	EPRA	ZIA
GRI 400: Social Disclosures					
GRI 401: Employment					
401-1	New employee hires and employee turnover	27			✓
401-3	Parental leave	27			
GRI 403: Occupational Health and Safety					
403-1	Workers representation in formal joint management-worker health and safety committees	29			
GRI 404: Training and education					
404-1	Average hours of training per year per employee	27		✓	
404-2	Programmes for upgrading employee skills and transition assistance	7, 27, 28			✓
GRI 405: Diversity and equal opportunity					
405-1	Diversity of governance bodies and employees	18, 28		✓	
GRI 413: Local Communities					
413-1	Operations with local community engagement	30		✓	
GRI 414: Supplier Social Assessment					
414-1	New suppliers that were screened using social criteria	12, 18, 20, 29			



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This sustainability report contains among other things forward-looking statements based on certain assumptions and expectations as at the time of publication of this sustainability report. They therefore entail risks and uncertainties and are contingent on factors that HAMBORNER REIT AG can neither influence nor predict with certainty at the current time. These include future market conditions and economic developments, the conduct of other market participants, the attainment of anticipated synergy effects and legal and political decisions. HAMBORNER REIT AG does not guarantee the accuracy or completeness of the information provided here.