

Environmental policy

Overview

The real estate sector is in the position to substantially contribute to a positive environmental development. Cibus is driven by the conviction that the company, in its decisions on the property portfolio, can contribute to a responsible environmental development. Even if Cibus does not have all decisions regarding its properties due to laws and leases, there are tools the company can use, like who we have as our tenants, which properties we acquire and who we have as suppliers. In the acquisition and management of properties leased to mainly Nordic high-quality grocery retailers, Cibus has the ambition to work so that the company in the best way stimulates sustainable development for tenants and suppliers as well as living in local communities but also for the long-term profit trend for our shareholders. We at Cibus believe that environmental, social and governance matters are essential parts of long-term success and that incorporating ESG-aspects in the investment activity and decision-making processes will help us to continuously improve our practices, to reduce our environmental footprint and improve sustainability.

This policy should be read in conjunction with the Principles and Responsible business and business conduct stated in 9. Sustainability Policy and Corporate Social Responsibility.

Principles

Cibus commits to prevent, mitigate and remediate negative environmental material impacts and promote material environmental benefits and apply the precautionary principle, specifically with reference to the environment, to safeguard our business from environmental impacts as well as to ensure that our negative impact on the environment is as limited as possible.

Aligned with the interests of our stakeholders, such as investors, tenants and environment, Cibus' environmental work emphasize two material topics: 1. Climate change mitigation and adaption, and 2. Circular economy.

Climate change mitigation and adaptation

Cibus is committed to being a carbon net zero business by 2030 and to long-term science-based targets in line with net-zero and 1,5 °C-target by 2050. We are taking the necessary steps to reach this goal. As the real estate sector bears a large energy burden this is the area where we see substantial improvement potential. Cibus commits to supplying 100% renewable energy to tenants (Scope 2) and to install on-site renewable energy generation capacity. Furthermore, Cibus will improve EPC and strive to reduce energy consumption in its properties. These aspects will be included in the upstream planning and construction phase, and in engaging and cooperating with tenants regarding their building use.

Cibus also commits to oversee and reduce any other major CO₂ footprint in its value chain, including suppliers. Cibus will address and manage any material financial risks related to climate change mitigation and set aside sufficient funds. These risks may arise from policy such as taxonomy which will require investments or impair access to finance, and from market where mitigating activities such as getting rid of polluting refrigerants may increase vacancy.

Circular Economy

Cibus is committed to promote a circular economy and avoid depletion of resources. In its property management and maintenance, Cibus will pro-long life of its buildings by maintaining their performance via regular renovations, thereby avoiding new constructions. In its operation, Cibus will strive to minimize the utilization of natural resources and commits to a sustainable sourcing and the use of renewable resources, and to transition away from the use of virgin resources, including relative increases in use of secondary recycled resources.

This commitment applies to Cibus, its cooperation with tenants, as well as Cibus procurement process for suppliers, including suppliers in the process of planning and construction.

Implementation in operations

Cibus considers ESG-issues in our decision-making process and reporting. On asset-level, the focus is on environmental issues as the real estate sector bears a large energy burden, which is the area where we see substantial improvement potential. Practices include:

Acquisition process

In the acquisition process, potential ESG-issues are assessed during the due diligence phase, where a technical and environmental due diligence is performed. In this way, any major issues are addressed early in the acquisition process and can be dealt with prior to the transaction. Based on due diligence findings, an asset with major ESG risks may be excluded from the transaction. On the other hand, poorly managed ESG issues can offer value creation potential through improvements in ESG performance. Any material findings in the due diligence are documented in the investment proposal and dealt with in the purchase agreement where applicable.

Investment management

External managers, who is responsible for property management, has been included in the environmental management of the assets as well. The usage figures are gathered by outsourcing partners. These are used to analyse the environmental performance of the assets as well as in environmental reporting.

During the period when the assets are owned, any ESG-measures are decided upon case-by-case. Encouragement and stimulation can push tenants and suppliers to adopt sustainable practices. Cibus engagement with tenants via regular sustainability discussions enables mutual projects which result in environmental improvements. The objective is furthermore to develop tenant sustainability engagement; interaction, co-operation, communication practices and information sharing. As many of the lease agreements are of triple-net nature, the tenant has in many cases a considerable incentive to address any potential ESG-risks at an early stage. We also see potential in finding mutual projects with the tenant in order to consider environmental aspects in the daily operations in the asset.

Outsourcing partners and suppliers

At Cibus we have a high ambition, and our policy is to prioritize service providers who support Cibus in the strive towards a carbon net zero business by 2030. Cibus guiding about the company's ambition level and prioritizations on environmental aspects can improve practices of outsourcing partners and suppliers. The Green Procurement Policy is our guidance for outsourcing partners and suppliers.

Applicability and process to monitor

This policy shall apply throughout Cibus organisation. Sustainability issues are discussed and followed up in the performance meetings with the CIO and the tenants. Cibus CEO is responsible for implementing the policy. The Board of Directors is responsible for monitoring actions and progress in relation to policy objectives, any set targets such as net zero target with milestones and transition plans. Cibus promotes transparency in communicating with shareholders, tenants and other stakeholders, and keep this policy available at its website www.cibusnordic.com . Annually the progress will be reported in Cibus sustainability report, including reporting according to the European Public Real Estate Association (EPRA) Sustainability Performance Measure.