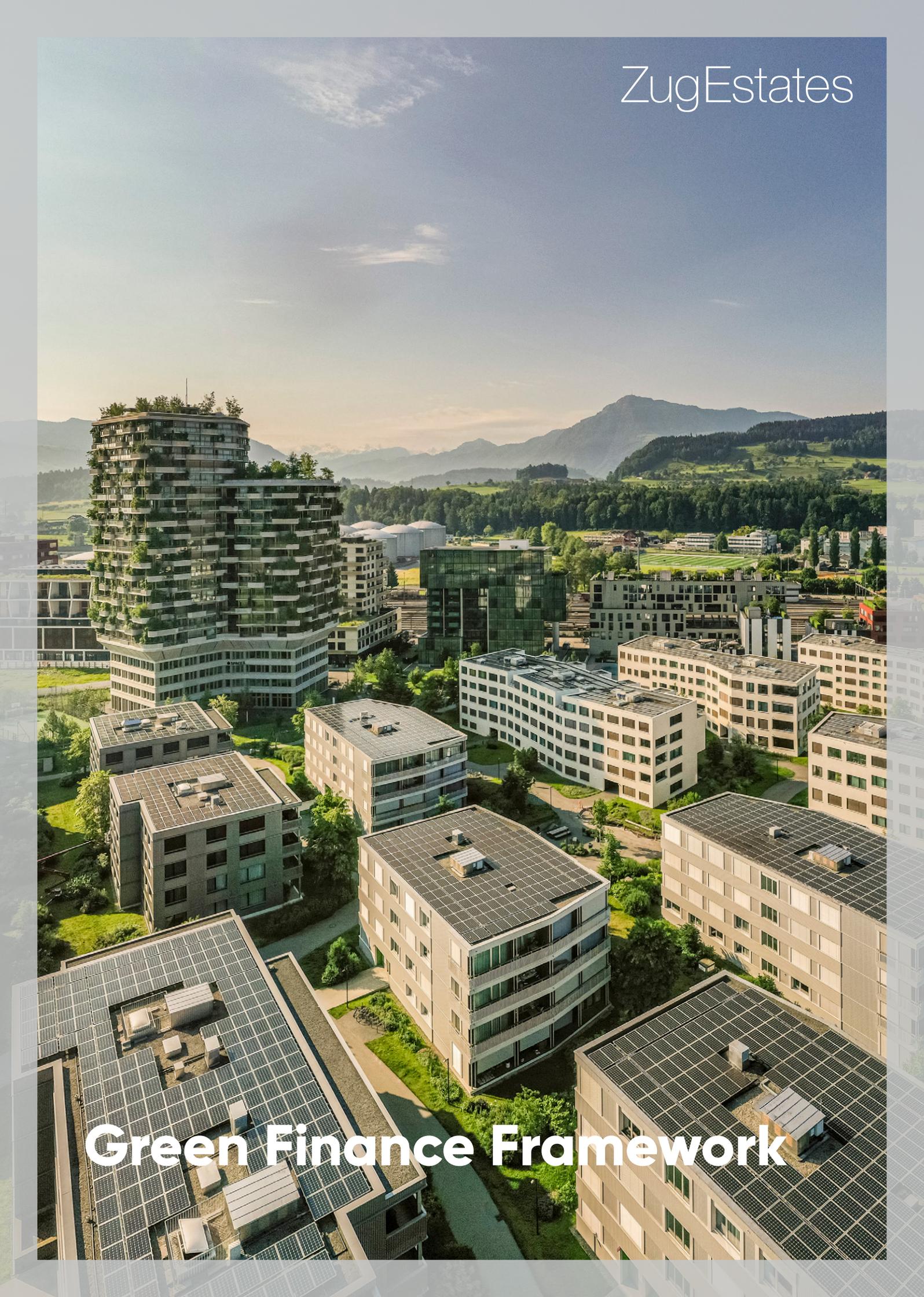


ZugEstates

An aerial photograph of a modern residential development. The buildings are multi-story, with light-colored facades and large windows. Many of the roofs are covered with solar panels. A prominent feature is a tall, cylindrical building with a vertical garden facade, where plants grow on the balconies and terraces. The complex is surrounded by green spaces and trees. In the background, there are rolling hills and mountains under a clear blue sky with some light clouds.

Green Finance Framework

Table of Contents

1	About Zug Estates	3
2	Sustainability strategy	3
	2.1 Ecological responsibility	4
	2.2 Social responsibility	4
	2.3 Responsible corporate governance	5
3	The Zug Estates Green Finance Framework	5
	3.1 Fundamentals of Green Finance Framework	5
	3.2 Use of proceeds	6
	3.3 Process for project evaluation and selection	7
	3.4 Management of proceeds	7
	3.5 Reporting	8
	3.6 External review	8

1 About Zug Estates

Zug Estates invests in real estate with the aim of holding it for the long term and constantly developing it further. The majority of the real estate portfolio is located at two sites in Zug (Zentrumsareal/Metalli) and Risch-Rotkreuz (Suurstoffi) and is broadly diversified by type of use. Zug Estates creates added value for its stakeholders and future generations through sustainable and versatile design, active management, and prudent transformation of living spaces.

Zug Estates' properties and sites are located in central, well-developed locations with long-term development potential. Synergies arising from the geographical concentration and diversity of uses of the living spaces are utilised in a targeted manner. The company strives for a versatile and broadly diversified portfolio with a balanced mix of residential, office, retail, hotel and service uses (including education and culture).

At Zug Estates, the focus is on long-term economic success. This is underpinned by a solid equity and financing structure, long-term profitability, and a forward-looking dividend strategy.

Zug Estates drives the further development of its properties and services and the optimisation of its operations through innovation and the opportunities offered by digitalisation.

Zug Estates Holding Ltd is listed on SIX Swiss Exchange in Zurich. Ticker symbol ZUGN, security number 14 805 212

2 Sustainability strategy

Zug Estates attaches great importance to sustainability in all aspects of its activities and plays a pioneering role with regard to the sustainable construction and emission-free operation of properties. It sets the tone with outstanding projects and promotes exchange in the sector by organising forums and supporting platforms and initiatives. It also strives to achieve targets and improvements in all areas of the ESG spectrum. In the area of environmental sustainability, Zug Estates focuses on energy

Materiality matrix



and emissions, materials/circular economy, biodiversity and water. In addition to environmental sustainability, it also focuses on social sustainability. Here, the company aims to create diverse and mixed living spaces through the prudent transformation and further development of its properties. The relevance of the topics is shown in the materiality matrix on page 3:

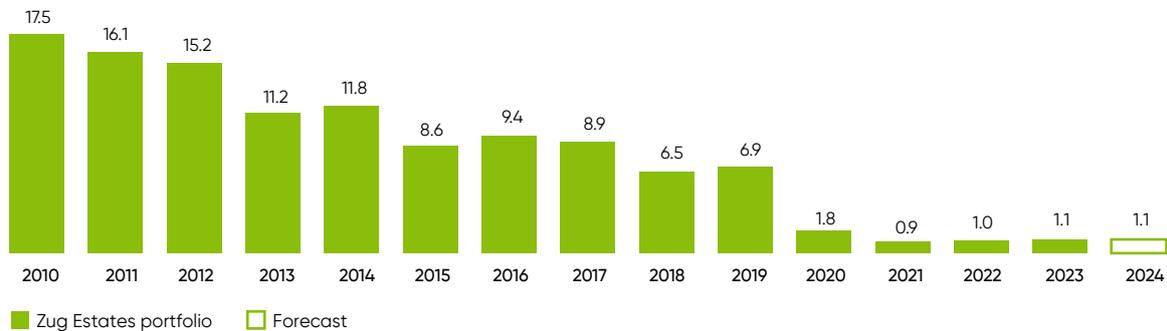
2.1 Ecological responsibility

Anthropogenic greenhouse gas emissions are contributing to global warming and leading to climate change. This has an impact on people and nature. A significant proportion of greenhouse gas emissions in Switzerland is caused by the real estate sector. Zug Estates is aware of its responsibility with regard to climate change. With its zero-zero approach, Zug Estates has been pursuing two goals

for over ten years: on the one hand, no emissions should be generated during the operation of buildings, and on the other, as much energy as possible should be produced in-house. The energy purchased from third parties should come from renewable sources. The two Zug Estates sites Suurstoffi and Zentrumsareal have been operating almost CO₂-free since 2022 (Scope 1 and 2). The company is therefore currently focussing on increasing its own electricity production using photovoltaics and adapting the energy concepts for the other investment properties in the medium term.

In addition to CO₂ emissions during the operating phase, CO₂ emissions from construction activities (grey energy) are also to be reduced as far as possible. Zug Estates takes this issue into account in ongoing project developments. In addition, the company endeavours to enhance biodiversity on its sites and to use water sparingly.

Scope 1 and 2 reduction pathway, market-based, including out-of-scope emissions (biogas) Specific greenhouse gas emissions [kg/m² ERA]



2.2 Social responsibility

Zug Estates develops sites that meet the highest standards in terms of quality of life. The focus is on creating a vibrant site infrastructure that combines living, working, leisure, health and education in one place. To promote a social mix, Zug Estates offers affordable rooms for students and flats suitable for the elderly. The design of the sites and their open spaces is based on participatory planning and is enhanced by the integration of green spaces, biodiversity measures and community projects. The provision of sustainable mobility infrastructure and easy access to public transport are also essential for Zug Estates. An intact local supply of everyday goods and services, cultural offerings and community facilities such as schools, kindergartens and health centres enrich the social fabric and promote community life.

Well-trained and motivated employees are a key element in the economic success of companies. Zug Estates therefore attaches great importance to creating an attractive working environment in which employees are empowered to make a contribution to achieving the company's objectives while at the same time being able to develop their skills. Competitive working conditions and meaningful tasks should ensure that the best candidates are recruited to ensure the desired success. Regular training and development measures ensure that employees have the necessary skills and are supported.

2.3 Responsible corporate governance

For Zug Estates, responsible corporate governance means adhering to the company's guiding principles and values. This includes prioritising long-term profitability over short-term profit-seeking. Sustainability goals can only be achieved if a company operates profitably in the long term, and a company can only be profitable in the long term if it attaches importance to sustainability. For this reason, Zug Estates' sustainability targets are an integral part of the remuneration structures for managers.

A robust risk management system also helps to systematically identify and manage potential business risks. As a listed real estate company in Switzer-

land, Zug Estates acts in compliance with human rights and all applicable laws and regulations. The company attaches great importance to observing ethical principles, values and conduct in its day-to-day business dealings with all its stakeholders and expects this behaviour from its employees, suppliers and business partners. Corruption, insider trading, breaches of regulatory requirements and violations of privacy or personal integrity can cause financial damage to the company as well as damage its reputation. They are not tolerated and must be condemned in any form. Violations of these principles can also be reported anonymously with the help of an external whistleblower centre.

3 The Zug Estates Green Finance Framework

3.1 Fundamentals of Green Finance Framework

The creation of a Green Finance Framework is the logical consequence of the company's commitment to promoting its further sustainable development and enables Zug Estates to raise additional financial resources that are explicitly used to promote sustainable, green projects. This Green Finance Framework is a further development and extension of the existing Green Bond Framework. It integrates the established Green Bonds and reporting practices into a new comprehensive green finance reporting system, ensuring continued transparency and accountability in tracking environmental impact and the use of proceeds.

The Green Finance Framework was developed in line with the International Capital Market Association (ICMA) Green Bond Principles (GBP) of 2021 with the annex of June 2022 and the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) Green Loan Principles (GLP) of 2023. It follows the four core components of the principles, including the key recommendations for external review:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

The Green Finance Framework forms the basis for the raising or refinancing of green finance instruments such as bonds, loans, mortgages, hybrid bonds and insurance policies (hereinafter referred to as green finance instruments).

The terms and conditions of the green finance instruments used by Zug Estates in the future must contain a reference to this Green Finance Framework. This framework may be updated, but new versions will not affect the existing green finance instruments created under this Green Finance Framework. In addition, this Green Finance Framework applies to Zug Estates Holding and all subsidiaries. If the eligible projects belong to joint ventures or associates, the value of green eligible projects is adjusted by Zug Estates' equity share.

3.2 Use of proceeds

The net proceeds from Zug Estates' green finance instruments are used for the full or partial financing or refinancing of the company's eligible projects and exclusively in Switzerland. The amount allocated to eligible projects will be communicated to investors in advance.

Eligible projects (green buildings) have been or may be pledged as collateral in financing transactions and align with the ICMA GBP and LMA, APLMA, LSTA GLP.

Funds from green finance instruments received by Zug Estates are not used for financing in connection with fossil or nuclear energy production, the extraction of rare resources, fossil fuels, gambling, tobacco, or weapons.

The projects eligible for funding are aimed at generating ecological added value:

Eligible projects	Admission criteria/description	SDGs
Green Buildings	<p>Sites, existing properties or new buildings with greenhouse gas emissions of less than 1 kg per m² of energy reference area per year during operation (<1 kg CO₂e / m² ERA p.a.; Scope 1 and 2, based on the methodology of the Greenhouse Gas Protocol).</p> <p>Or sites, existing properties or new buildings that meet or will meet one of the following recognised standards for green buildings through development or refurbishment:</p> <ul style="list-style-type: none"> - BREEAM New Construction (Very good and above) - BREEAM In-Use Building (Very good and above) - DGNB/SGNI New Construction (Gold and above) - DGNB/SGNI Building in operation (Gold and above) - DGNB/SGNI Site (Gold and above) - MINERGIE Certification (Minergie, Minergie-P, Minergie-A, Minergie-ECO) - SNBS (Gold and above) - SNBS Site <p>Or measures and investments that will lead to a reduction in greenhouse gas emissions to below 1 kg per m² energy reference area per year during operation (<1 kg CO₂e / m² ERA p.a.; Scope 1 and 2, based on the methodology of the Greenhouse Gas Protocol).</p>	  
Energy efficiency	<p>Energy-efficient refurbishments and measures that lead to significantly lower energy consumption (-30% Primary Energy Demand in kWh / m² ERA):</p> <ul style="list-style-type: none"> - Refurbishments to reduce energy intensity - Improvements in ventilation systems 	  
Renewable energy	<p>Investments in the expansion, refurbishment, or replacement of infrastructure to produce renewable energies:</p> <ul style="list-style-type: none"> - Installation of photovoltaic systems - Realisation of energy storage solutions 	  

3.3 Process for project evaluation and selection

The evaluation and selection of eligible projects is a key process to ensure that the funds from the green finance instruments are distributed to projects and investments that meet the framework criteria. The environmental objectives of the eligible projects are closely aligned with Zug Estates' overall sustainability strategy.

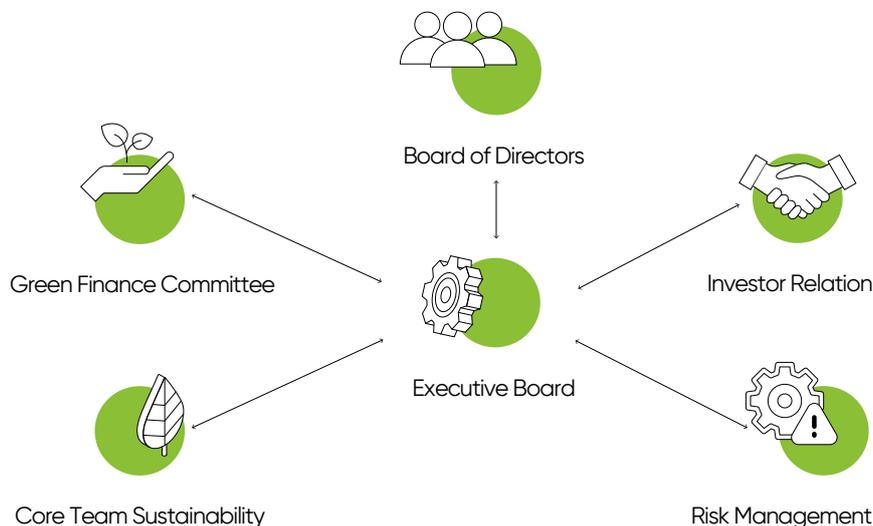
Eligible projects are evaluated and selected by the Green Finance Committee whose members are the CEO, the CFO and the Head of Portfolio Management. Zug Estates ensures that sufficient sustainability expertise is always represented on the Green Finance Committee, which meets at least once a year. All decisions, including the selection of projects eligible for funding, are taken by consensus.

The evaluation, selection process and responsibilities of the Green Finance Committee include:

- Identifying and evaluating eligible projects according to the eligibility criteria set out in the use of proceeds section of this framework and assessing their environmental impact.
- Ensuring that eligible projects comply with applicable Swiss laws and regulations as well as recognised environmental and social standards.
- Maintaining a list of approved, eligible projects and keeping it up to date.
- Monitoring the portfolio of eligible projects and ensuring that its value is at least equal to the amount raised through outstanding green finance instruments.
- Excluding projects that no longer fulfil the eligibility criteria of the Green Finance Framework or have been sold.
- Approving the reports for investors (Green Finance Reporting).

The Green Finance Committee is integrated into the structure of Zug Estates as follows:

Sustainability structure of Zug Estates



3.4 Management of proceeds

The funds received from Zug Estates' green finance instruments are documented internally and allocated to the eligible projects as quickly as possible. The documented information serves as the basis for regular reporting. All green finance instruments used by Zug Estates are managed at portfolio level. The company ensures that there are sufficient eligible projects in the portfolio. Eligible projects can be removed from or added to the portfolio as required.

Zug Estates endeavours to allocate the funds from the green finance instruments to the projects within 18 months of the date of allocation. Unallocated funds may be temporarily allocated to the liquidity reserve or another treasury transaction and managed accordingly by Zug Estates. The CFO of Zug Estates is responsible for managing the funds.

3.5 Reporting

To ensure full transparency for investors and other stakeholders, Zug Estates prepares and publishes an annual green finance report consisting of an allocation and impact report. The report is made available on the Zug Estates website (www.zugestates.ch/en/green-finance) together with this Green Finance Framework and the Second Party Opinion.

Reporting structure



Allocation reporting

Allocation reporting provides information on the allocation of the funds received and includes:

- A list of all funds raised under a green finance instrument.
- Total funds allocated to eligible projects.
- Total of the remaining portion of unallocated funds.

Allocation reporting is continued until the green finance instruments mature.

Impact reporting

Impact reporting provides information on the environmental impact of the eligible projects for funding, insofar as this is possible and the data is available. The information may be provided on an aggregated portfolio basis under confidentiality agreements, for competitive reasons or due to the large number of eligible projects for funding, which limits the scope of the data provided. The environmental impacts are presented subject to the condition that not all related data can be collected and that the calculations are therefore made to the best of our knowledge and belief. The environmental impacts will be based on the following information, if available:

- Total annual greenhouse gas emissions during operation of the project (kg CO₂e) and per square metre of energy reference area (kg CO₂e / m² ERA p.a.; Scope 1 and 2, based on the methodology of the Greenhouse Gas Protocol).
- Type of building or site certification and share of the total portfolio.
- Energy consumption saved through energy-efficient renovations and measures per square metre of energy reference area (kWh / m² ERA).
- Installed capacity for own electricity production (kWp) and electricity production (MWh).

3.6 External review

In order to confirm the compliance of the Zug Estates Green Finance Framework with ICMA GBP and LMA/LSTA/APLMA GLP, it has been reviewed and approved by ISS ESG. The Second Party Opinion of ISS Corporate Solutions is available on the Zug Estates website at www.zugestates.ch/en/green-finance together with this Framework.

Zug Estates always endeavours to invest the funds received from green finance instruments directly in eligible projects. If this is not possible by the reporting period, the allocation of the financial resources is subject to a limited assurance report by an independent auditor until full allocation. The independent auditor's verification report will be published on the Zug Estates website together with this Green Finance Framework.

The Zug Estates Green Finance Framework was published in August 2024.

