



2023 ESG REPORT



Afi Brasov, Brasov, Romania



Afi Zlota, Warsaw, Poland



Afi Zlota, Warsaw, Poland



sky line, Belgrade, Serbia



sky line, Belgrade, Serbia

Table of Contents

3

Introduction

4
CEO Statement

6

2023 ESG Highlights

8

About AFI

10
AFI's development

11
AFI's business approach

13
AFI's core values

14
AFI's vision and mission

15
Commitment to ESG management

16
Material topics for reporting

20
Stakeholder engagement

21
Collaboration with stakeholders

23
AFI's commitment to the SDGs

26
Awards and ratings

28
AFI's value chain

30

Environment

31
AFI's sustainability vision

34
Climate change

40
Sustainable building

47
Water use and wastewater management

50
Waste management and recycling procedures

52
Responsible supply chain

53

Social

54
Human capital

61
Occupational health and safety

64
Customers and tenants

68
Community contributions and corporate responsibility

70

Corporate Governance

71
Compliance and internal policies

73
Board of directors

75
Risk management

76
Business ethics

77
Privacy protection and cybersecurity

79
Executive compensation

80
About AFI's ESG Report

81
ESG Data Table

83

GRI index



Introduction



Avi Barzilay | CEO

CEO's statement

I am pleased to present AFI Properties' first Sustainability Report, which captures our achievements in year 2023 and our steadfast commitment to embedding sustainability at the core of our business operations.

At AFI, we firmly believe that our long-term success depends on our ability to balance profitability with environmental stewardship, social responsibility and robust Governance practices. In 2023, we took steps to reduce our environmental footprint, enhanced our social impact and improved our corporate Governance. These efforts reflect our dedication to delivering value to our shareholders and to the communities, tenants and stakeholders we serve.

Key achievements and milestones

In 2023 we strengthened our sustainability framework, achieving notable progress across several dimensions:

- **Environmental Responsibility** – We expanded renewable energy initiatives, improved energy efficiency across our properties, and maintained our commitment to green building certifications such as LEED and BREEAM.
- **Social Impact** – Through targeted programs and partnerships, we reinforced our role as a community partner, supporting social, cultural and educational initiatives.
- **Governance Excellence** – Our robust compliance structures and ethical frameworks continue to guide us in upholding transparency, integrity and accountability in every aspect of our operations.

Looking ahead

As we move forward, we remain focused on achieving our ambitious sustainability goals. From reducing carbon emissions to supporting the energy transition and deepening our community engagements, we are committed to driving meaningful change.

Sincerely,



Avi Barzilay
CEO
AFI Properties Ltd.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Company Profile

AFI Properties Ltd., through its subsidiaries (hereinafter collectively referred to as “**AFI**” or “**the Company**”) owns, develops, manages, leases and operates landmark real estate properties in Israel and across Central and Eastern Europe (CEE), including business parks and office complexes, shopping malls and retail properties, residential projects for rent and for sale, as well as mixed-use developments.

Founded in 1971, AFI expanded its investment and development activity into Europe in 1997. Since 2004, the Company’s shares have been listed on the Tel Aviv Stock Exchange. AFI’s major shareholder, Big Shopping Centers Ltd., holds 89% of its shares, underscoring its strategic partnership and robust ownership structure. The Company is rated A2.il Stable by Midroog (Moody's) and iIA+ Stable by Maalot (S&P), reflecting its strong financial position and market credibility.



AFI Arad, Arad, Romania

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Afi Brasov, Brasov, Romania

2023 ESG Highlights

Environmental Performance



58%

of AFI's GLA consists of properties certified under LEED and BREEAM standards

5%

reduction of electricity consumption intensity in 2023 vs 2022

12.5%

reduction in greenhouse gas (GHG) emissions intensity in 2023 vs 2022

Social Performance

354

employees

51%

women in AFI's workforce

31%

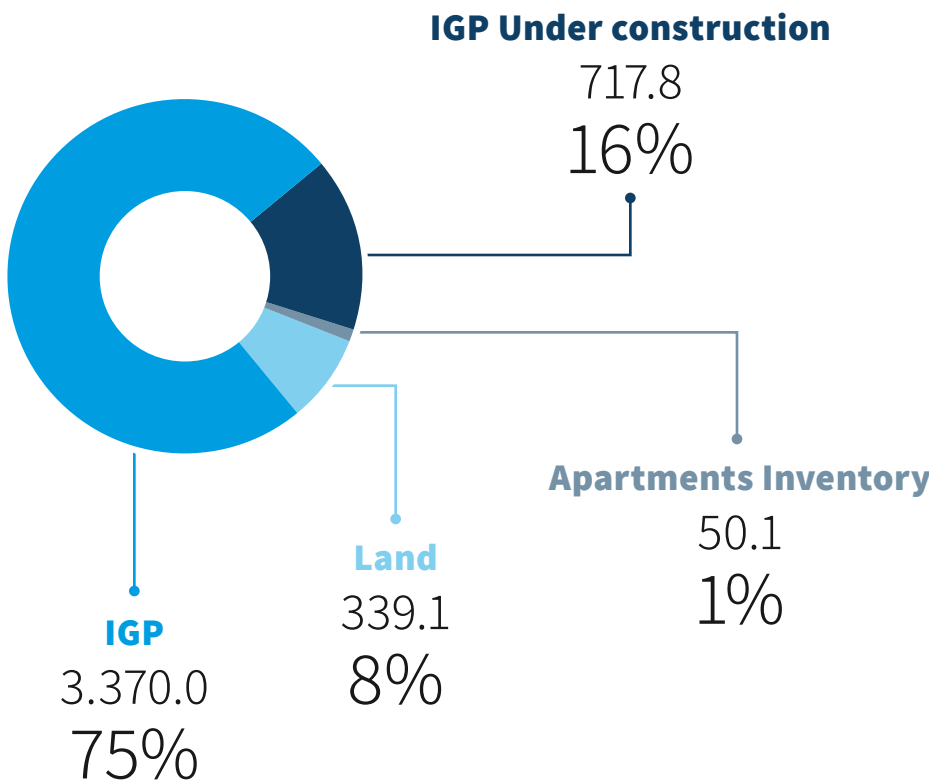
women in senior management positions



Financial Performance

AFI Properties Assets

31.12.23, EUR Millions



* Composition of assets on the basis of the company's share includes equity-basis assets

** Breakdown of the properties is different than the balance sheet classification . Lands classified in the financial statements as " investment property under construction" or " investment property" and on which construction has not yet commenced are classified here as land.

IGP under construction includes projects presented in the financial statements as advances for investment property in trade and other Receivables

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



About AFI

As of and for the year ending 31 December 2023:



Retail

6 malls and shopping centers

Total GLA:
210 thousand sqm

End of 2023 occupancy:
98%

Asset value:
818 million EUR



Office

26 assets

Total GLA:
888 thousand sqm

End of 2023 occupancy:
89%

Asset value:
2.118 million EUR

Residential

10 residential projects

1,564 apartments

End of 2023 occupancy:
78%

Asset value:
408 million EUR

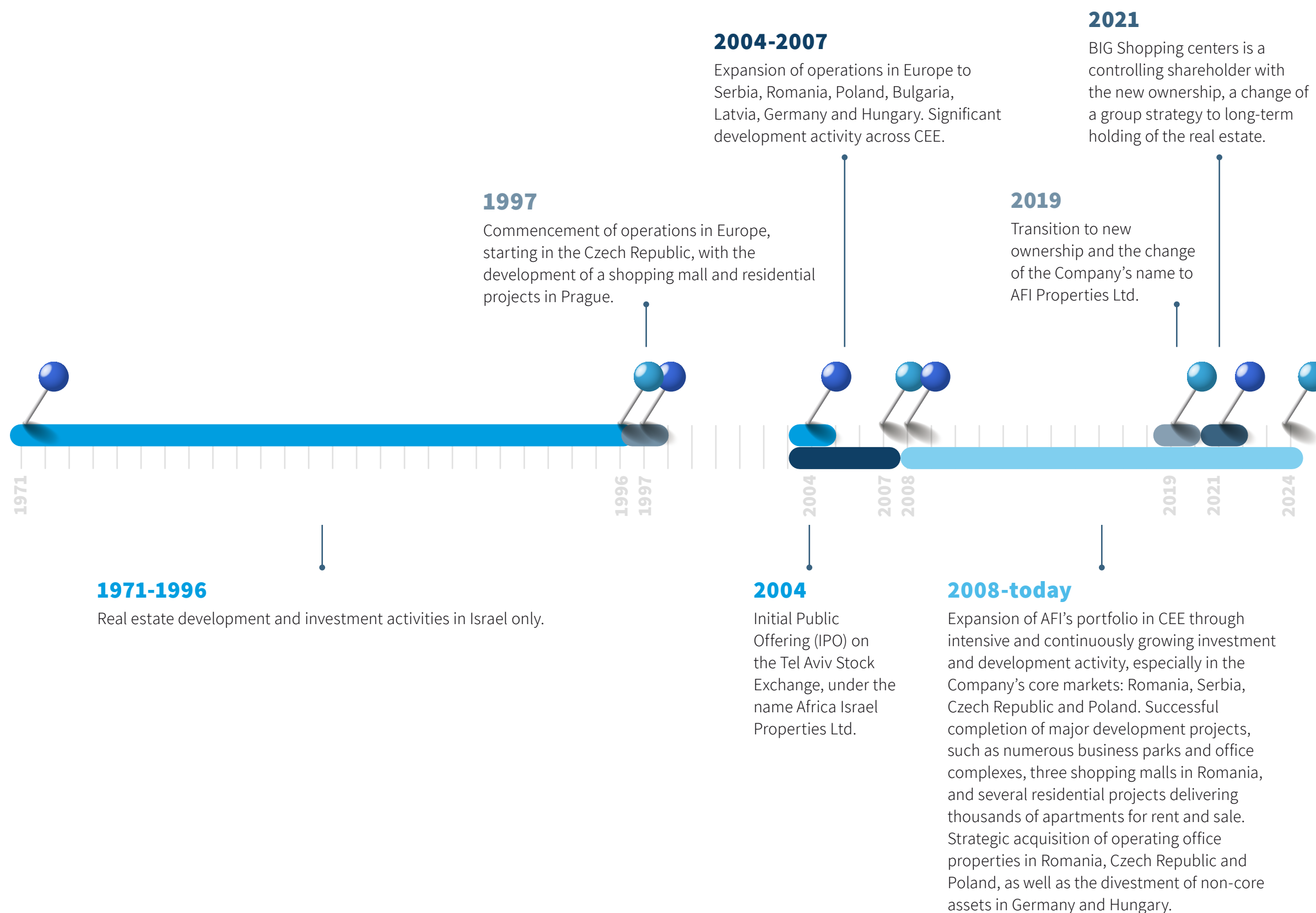


This report consolidates and analyses the sustainability and ESG-related information, and data collected from AFI's group companies. The data collection methodology involved dedicated ESG questionnaires completed by each country's team. The responses were then centralized and analyzed to compile the final report.

1 The euro exchange rate as of December 31, 2023.

- Introduction
- 2023 ESG Highlights
- About AFI
- Environment
- Social
- Corporate Governance
- GRI index

AFI's Development



Introduction

2023 ESG Highlights

About AFI

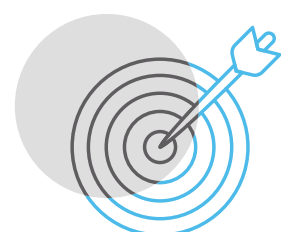
Environment

Social

Corporate Governance

GRI index

AFI's Business Approach



AFI's investment strategy for the next five years is to expand its portfolio of income-generating properties, with the objective of increasing FFO (funds from operations) through new developments and acquisitions of office and rental housing properties, focusing on the Company's core markets – Israel, Czech Republic, Romania, Serbia and Poland.

In alignment with AFI's commitment to sustainability, the new development projects will adhere to the standards set by LEED and BREEAM certifications, ensuring continuous improvement in energy efficiency and environmental performance. Furthermore, the Company aims to expand its residential rental activity, diversifying its investment portfolio while promoting sustainable urban development. This approach not only seeks to achieve financial growth, but also contributes positively to the communities in which AFI operates.

Innovation plays a key role in the Company's projects, with significant investment in IT infrastructure and smart building solutions that

enhance operational efficiency and tenant satisfaction. These technological advancements are designed to achieve sustainability objectives and resource optimization, ensuring that properties meet modern environmental and digital standards.

AFI has also introduced and is actively developing its new brand, AFI Home, offering high-quality rental apartments designed to meet the needs of modern urban living. This brand highlights the Company's dedication to creating sustainable and livable communities. The AFI Home properties are built to provide a balance of comfort and innovative design, meeting the expectations of environmentally conscious tenants and supporting the company's long-term growth.

Through these initiatives, AFI demonstrates a proactive approach in embracing innovation and integrating sustainable practices for the benefit of all stakeholders, reinforcing its position as an industry leader in the relevant real estate markets.

Introduction

2023 ESG Highlights

About AFI

Environment

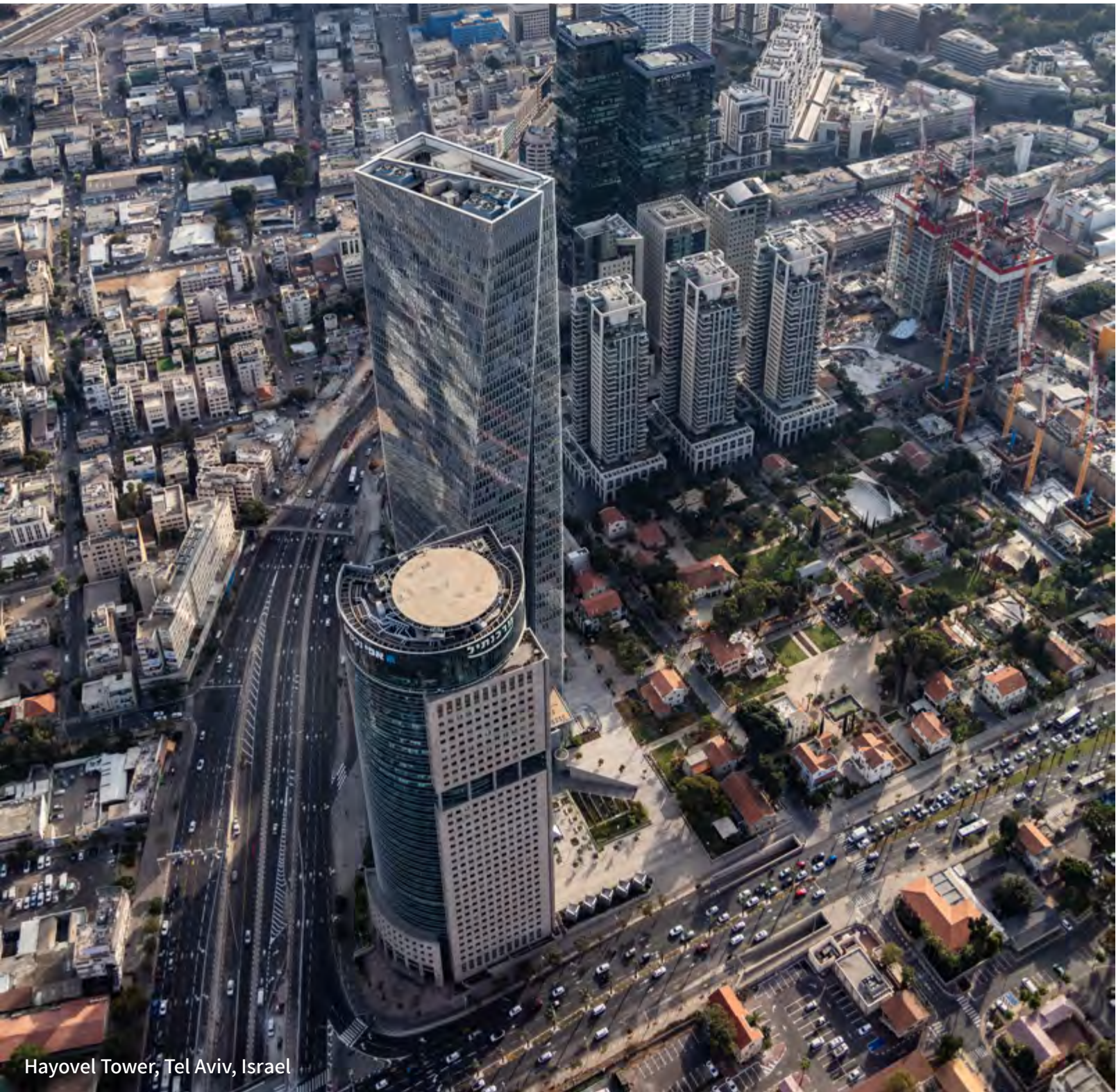
Social

Corporate Governance

GRI index



AFI Stands With its Employees



Hayovel Tower, Tel Aviv, Israel

Operational Resilience Amid Conflict

Throughout the war in Israel, which began in October 2023, AFI has demonstrated resilience and adaptability by maintaining operational continuity while prioritizing the safeguarding of its employees.

The Company swiftly implemented measures to ensure uninterrupted business operations, leveraging its robust IT infrastructure to enable seamless remote work capabilities. This included enhanced data security protocols and flexibility for work-from-home arrangements, allowing employees to work efficiently under unprecedented conditions.

Recognizing the emotional toll of the war on its employees, AFI introduced comprehensive support programs, such as workshops on managing stress and anxiety, fostering mental health resilience and improving communication within the family. These proactive measures have contributed to preventing employee burnout and maintaining productivity while ensuring the continuity of business operations despite the ongoing crisis.

In addition, the Company demonstrated its dedication to social responsibility by making donations to support community needs arising from the war.

This holistic approach underscores AFI's ability to navigate complex challenges, proving its resilience and reflecting its commitment to the well-being of its employees.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

AFI's Core Values



**Compliance
with laws and
regulations**

**Accountability
and
responsibility**

**Commitment
to business
ethics**

**Anti-
discrimination
and inclusivity**

Transparency

AFI's core values shape the foundation of its organizational culture, decision-making processes and strategic direction. These values guide the Company's daily operations and reflect its long-term commitment to sustainable growth. By fostering a culture of integrity, accountability and transparency, AFI creates value across its operations and meets the expectations of stakeholders and the broader community.

The Company's core values influence decisions, from strategic investments and partnerships to day-to-day operations. In line with these values, AFI consistently seeks to improve its impact on the environment, foster a positive work culture and contribute to the communities it serves.

The Company's core values are embodied in its the Code of Conduct, which guides all employees to uphold the highest standards of work practices, business ethics and compliance with laws. As outlined in the Code, AFI's employees are required to adhere to principles of integrity and respect, and to comply with all applicable laws and regulations. The Code of Conduct sets clear expectations for behavior, encouraging employees to act with accountability and take responsibility for their actions, thereby supporting the Company's reputation for reliability and trustworthiness.

In alignment with the Code, AFI is committed to promoting diversity and inclusivity in its work environment, with zero tolerance for discrimination or harassment.

The Code of Conduct also provides guidelines for managing conflicts of interest. This ensures that employees prioritize the Company's goals over personal gains, maintaining ethical decision-making across the organization.

In keeping with the Code, AFI's dedication to transparency is embedded in its reporting mechanisms, which require all employees to provide truthful and accurate information. Furthermore, employees are encouraged to report any suspected violations or unethical behavior without fear of retaliation, promoting an open culture where integrity is valued and protected.

Through this values-driven approach, the Company reinforces its commitment to building long-term, sustainable relationships with stakeholders.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate
Governance

GRI index



AFI's Vision and Mission

AFI's vision is to maintain and enhance its position as a leading investor, developer and operator of office, retail and residential properties, reputable for its landmark assets and top-notch development quality, and for its dedication to sustainability and ethical business practices.

The Company aims to develop and operate properties that improve its clients' work and life. This is achieved through the design and management of high-quality office buildings, shopping centers and residential projects that are aligned with global sustainability standards, such as BREEAM and LEED. AFI's developments prioritize environmental responsibility, from resource-efficient construction methods to renewable energy integration, reducing the carbon footprint of its portfolio and fostering a positive impact on the environment.

AFI's mission is to create enduring value by driving sustainable financial and business performance while contributing to the social and environmental well-being of the communities it serves.

The Company is deeply committed to its stakeholders, promoting a culture of employee engagement and retention by investing in professional development, well-being and a collaborative work environment. AFI mitigates operational risks by upholding high standards of Governance and continuously enhancing its efficiency and technological capabilities.

The Company's long-term success is driven by its ability to remain agile and resilient in the face of evolving market conditions while consistently prioritizing the well-being of its employees and of the communities it serves.

AFI's mission is to create enduring value by driving sustainable financial and business performance while contributing to the social and environmental well-being of the communities it serves

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Commitment to ESG Management



AFI Victoriei Plaza, Bucharest, Romania

AFI is fully committed to high environmental, social and corporate Governance (ESG) standards. The Company strives to integrate ESG considerations into its property development and management practices, thereby creating value for clients, business partners, employees and investors.

To ensure the effective implementation of sustainable practices, AFI's Board of Directors

has established a Governance framework for overseeing ESG matters. Key leadership roles, including the CFO, the Deputy CEO of AFI Europe and the Group Operational Manager, have been assigned to lead ESG efforts across the Company's operations. Additionally, each of the subsidiaries managing AFI's projects and properties in its countries of operation has appointed an ESG officer responsible for

managing local and project-specific ESG matters. These officers provide regular reports, ensuring transparency, consistency and accountability in the execution of the Company's ESG initiatives.

Through this Governance framework, AFI views the integration of ESG aspects as a key growth driver, as well as essential for maintaining its strong reputation and fostering relationships with all stakeholders.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

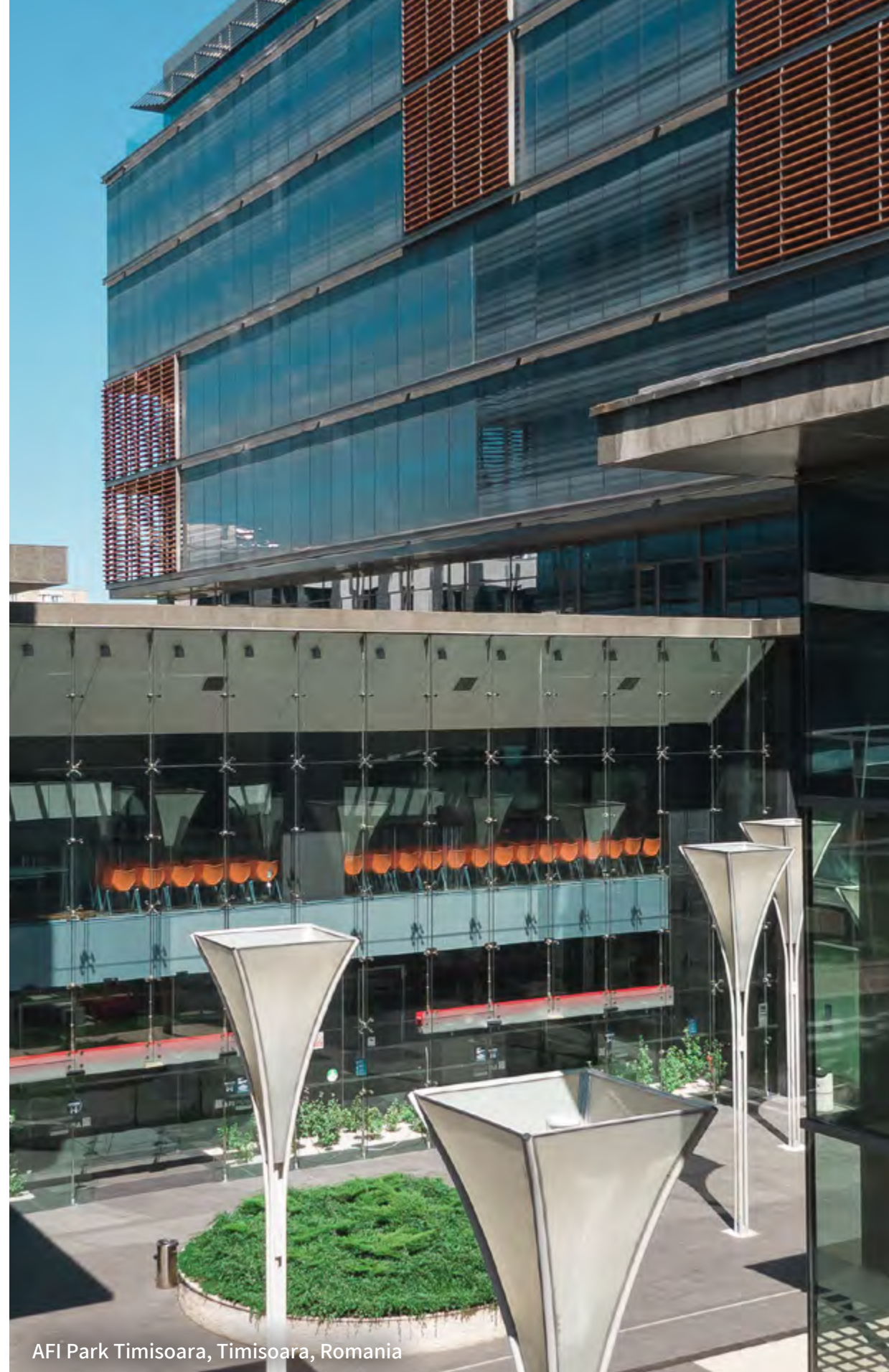
GRI index

Material Topics for Reporting

The ESG topics selected for reporting are central to AFI's business strategy and stakeholder expectations, as well as to the Company's overarching goal of enhancing its environmental, social and Governance performance. As part of preparing this report, we conducted a benchmark analysis to compare AFI's ESG performance and priorities with those of peer companies, and identified material topics aligned with its long-term strategic objectives. The findings were presented and discussed with executive management and the Board of Directors, ensuring that the selection of material topics is aligned with the Company's long-term strategic objectives.

The final list of material topics represents the most significant ESG issues for AFI, and forms the basis of the Company's ESG strategy. These topics encompass a range of critical areas, including environmental management, energy efficiency, social responsibility, Governance and ethical business conduct. By prioritizing these areas, AFI reaffirms its commitment to creating long-term value for stakeholders while actively contributing to sustainable urban development and responsible business practices.

The selected material topics will guide the Company's future reporting and strategic focus, ensuring continuous improvement in ESG performance:



AFI Park Timisoara, Timisoara, Romania

The final list of material topics represents the most significant ESG issues for AFI, and forms the basis of the Company's ESG strategy

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Environmental Impacts



Material topic	Description
GHG emissions	Reducing greenhouse gas emissions is critical for combating climate change, and this becoming a top priority for AFI due to regulatory pressures and the global shift toward decarbonization. The Company is will strive to achieve this through the implementation of energy efficiency solutions and investment in renewable energy across both its operational asset portfolio and new developments.
Energy management	Efficient energy use and the transition to renewable energy sources not only reduce operational costs for AFI, but also significantly contribute to environmental sustainability, making energy management highly relevant. The Company will invest in technologies that promote the use of renewable energy and reduce dependence on conventional sources, thereby enhancing energy efficiency.
Climate adaptation	Proactively addressing climate-related risks aligns AFI with global sustainability initiatives; to this end, the Company will implement measures to mitigate climate change, including emissions monitoring and the adoption of green solutions for new developments.
Green building certification	Certifications such as LEED and BREEAM are vital for maintaining market competitiveness and meeting stakeholder expectations for sustainability in real estate; therefore, AFI aims to continue obtaining LEED and BREEAM certifications for its properties in its portfolio, ensuring compliance with sustainability and energy efficiency standards.
Waste management	Effective waste management minimizes environmental impact and contributes to circular economy efforts; accordingly, AFI will promote responsible waste management both during construction phases and in the operation of buildings, integrating recycling and waste reduction initiatives.
Water management	AFI prioritizes reducing water consumption and its properties will include water-efficient installations to minimize their water footprint.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Social Impacts

Material topic	Description
Health, Safety & Well-being	Ensuring a safe and healthy environment for employees, tenants and visitors is essential for operational stability and maintaining stakeholder trust, making it a top social impact priority; thus, AFI implements strict health and safety policies in compliance with local and international standards to uphold a safe and healthy environment for all.
Tenant engagement & Customer satisfaction	Satisfied tenants and customers are key to business success in the real estate sector, impacting retention rates, reputation and overall business growth; therefore, AFI is committed to monitoring and addressing the expectations of its tenants and customers, actively assessing their needs to ensure properties and services meet their requirements.
Human capital	Investing in employees and promoting a diverse, inclusive workforce are critical for team collaboration, engagement and long-term value creation; thus, AFI is committed to creating an inclusive and diverse workforce, and provides professional training and internal mobility opportunities while safeguarding human rights throughout its operations.
Community involvement & Corporate giving	Engaging with and supporting local communities enhances social awareness and contributes to sustainable urban development; accordingly, AFI actively fosters strong relationships with local communities by understanding their needs and positively contributing to community development and quality of life.
Diversity & Inclusion	While closely tied to AFI’s human capital, diversity and inclusion initiatives are also relevant to our tenants, customers and visitors as they support broader social equity goals and strengthen the company’s social impact; therefore, the Company promotes diversity and inclusion within its workforce and its properties, incorporating accessibility features to foster an inclusive environment.

Introduction

2023 ESG Highlights

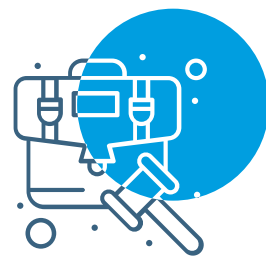
About AFI

Environment

Social

Corporate Governance

GRI index



Governance Impacts

Material topic	Description
Corporate Governance & Ethical business conduct	Robust corporate Governance frameworks are essential for maintaining investor trust, ensuring regulatory compliance and upholding ethical standards; thus, AFI upholds transparency, accountability and ethical business practices through clear Governance mechanisms and policies to manage risks and conflicts of interest. Frameworks such as the Company's ESG Policy and Code of Conduct ensure responsible and sustainable operations that meet the expectations of investors, tenants and other stakeholders.
Risk management	Effective risk management is crucial for maintaining business resilience and addressing both operational and strategic risks, particularly those related to ESG; therefore, AFI implements preventive and remedial risk management measures across its operations.
Compliance	Ensuring compliance with laws, regulations and standards is a fundamental aspect of maintaining credibility and avoiding legal risks; thus, AFI conducts its activities in full compliance with all applicable laws, regulations and standards.
Privacy protection & Data security	As digitalization and data privacy become more critical, safeguarding data is essential for maintaining stakeholder trust and preventing reputational damage; therefore, AFI prioritizes protecting the privacy and security of employee, tenant and customer data through robust technological and procedural measures.
Transparency & Stakeholder dialogue	Open communication with stakeholders is key to fostering trust and managing expectations; consequently, AFI promotes open and transparent dialogue with stakeholders to ensure continuous communication regarding its ESG progress and initiatives.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Stakeholder Engagement

AFI is committed to the principles of transparency, accountability and social responsibility, ensuring that it operates in a prudent, responsible and ethical manner, with respect to its stakeholders, including shareholders, customers, tenants, employees, suppliers, regulators and the broader community. The Company recognizes that fostering long-term relationships with stakeholders is fundamental to maintaining trust and aligning business objectives with stakeholder expectations.

AFI views the ESG Report as a strategic tool for disclosing its activities, as well as for enhancing stakeholder engagement by providing transparency on how it integrates ESG considerations into its operations. This report serves as a key instrument for communicating how the Company identifies, assesses and mitigates ESG-related risks while highlighting AFI's achievements and ongoing efforts in sustainability. Additionally, the periodic ESG report is essential for internal self-assessment, driving continuous improvement and setting measurable goals for future performance.

AFI views the ESG Report as a strategic tool for disclosing its activities, as well as for enhancing stakeholder engagement by providing transparency on how it integrates ESG considerations into its operations

By publishing its activities in these areas, along with qualitative data and quantitative metrics, the Company seeks to foster a deeper dialogue with stakeholders, encouraging them to view themselves as partners in AFI's sustainability journey. By integrating stakeholder feedback and expectations into its approach, the Company aims to strengthen relationships and build long-term trust, thereby ensuring that its sustainability efforts are aligned with global standards and contribute positively to the broader community and environment.

Furthermore, AFI is committed to maintaining open communication channels with stakeholders to ensure that their concerns and expectations are understood and addressed, reflecting the Company's dedication to stakeholder inclusiveness in decision-making processes.



T Mobile, Warsaw, Poland

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Collaboration With Stakeholders

AFI engages with relevant stakeholders to gather input and address any concerns related to the environmental and social aspects of its projects, ensuring that stakeholders are actively involved in the planning and development processes, and that their feedback is integrated into due diligence findings and project planning.

Through ongoing communication with its stakeholders, via the dialogue channels presented below, the Company ensures that they are well-informed and actively engaged. This approach fosters transparency, builds trust and enhances AFI's ability to address stakeholder concerns effectively.

Stakeholder group	Internal level of engagement	Engagement channel	ESG topics discussed
1. Regulators & Public authorities	Company level	<ul style="list-style-type: none"> Regulatory compliance reporting Participation in public consultations Direct and indirect communication with regulators Partnerships with public authorities 	Corporate Governance; Compliance with local regulations; Environmental standards; Sustainability certifications; Financial and tax reporting obligations; Health and safety compliance.
2. Shareholders, investors & Financing partners	Company-wide level	<ul style="list-style-type: none"> Shareholder meetings Periodic financial and ESG reports Direct communication with public institutional and private investors Dedicated investor relations platform (website) 	Corporate Governance; Sustainability reporting. Risk management. Green building certifications. Health and safety; Energy efficiency and resource management; Diversity, equity and inclusion initiatives.
3. Employees	Company level	<ul style="list-style-type: none"> Annual performance reviews and self-evaluation Health and safety trainings One-on-one meetings with management Internal newsletters 	Health & safety at work. Employee well-being and work-life balance; Diversity, equity and inclusion. Professional development and training opportunities; Human rights and ethical behavior; Internal mobility; Internal sustainability initiatives (e.g., resource efficiency, recycling).

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Stakeholder group	Internal level of engagement	Engagement channel	ESG topics discussed
4. Contractors	Company-wide and project/asset level	<ul style="list-style-type: none"> Contractors' periodic inspections Direct communication with relevant managers Policy and contracts due diligence Health and safety guidance provided during site visits 	Ethical practices; Health and safety standards during construction. Waste management during project. Use of energy-efficient materials.
5. Tenants	Company-wide and project/asset level	<ul style="list-style-type: none"> Direct communication with relevant managers Contractual communication Customer service hotline and Information desk Media platforms 	Energy and water management; Health and safety in the workplace; Recycling and waste reduction programs; Environmental certifications. Tenant well-being; Social initiatives; Tenant financial performance.
6. Local community	Project and private asset level	<ul style="list-style-type: none"> Community engagement programs Social initiatives, sponsorships and donations Partnerships with local NGOs and schools Community events and environmental awareness campaigns 	Social initiatives; Community contributions. Local economic development; Creation and maintenance of green spaces; Education on sustainability practices; Cultural heritage and local ecosystem preservation.
7. End consumers – visitors	Company-wide and project/asset level	<ul style="list-style-type: none"> Public announcements and marketing campaigns Information desk and customer support Media platforms (social media) 	Health and safety in public spaces; Social responsibility initiatives; Recycling and waste reduction programs; Accessibility and inclusiveness of facilities; Community involvement and event participation.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

AFI's Commitment to the SDGs

The United Nations Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to tackle social and environmental challenges, while also targeting economic growth, reduced inequalities and innovation.

Real estate, as a pivotal sector for urban development and infrastructure, plays a crucial role in advancing these global objectives. AFI recognizes its responsibility to drive progress of the SDGs through its investments, operations and workforce. In line with this commitment, the Company has integrated several key SDGs into its business approach, aligning its sustainability efforts with global priorities.

AFI recognizes its responsibility to drive progress of the Sustainable Development Goals through its investments, operations and workforce

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate
Governance

GRI index



sky line, Belgrade, Serbia



SDG #5 – Gender equality

AFI is dedicated to creating a diverse, inclusive and equitable workplace. The Company places a strong emphasis on gender equality and aims to create fair representation across all demographics.

Key initiatives include:

- Ensuring equal pay for equal work, monitored through regular compensation assessments.
- Promoting women into senior management roles.
- Inclusive recruitment practices designed to attract a diverse pool of candidates, ensuring fair hiring processes.

Additionally, AFI promotes flexible working arrangements and work-life balance, supporting family-friendly policies that contribute to both gender equality and employee well-being.



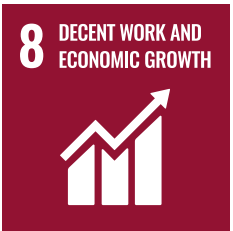
SDG #7 – Affordable and clean energy

As part of its commitment to increasing the use of clean energy, AFI strives to reduce its carbon footprint and advance renewable energy solutions across its portfolio.

Key achievements and ongoing initiatives include:

- Purchasing electricity from green energy suppliers. | All AFI's properties in Serbia consumed electricity from a 100% green energy supplier in 2023.

AFI also invests in energy efficiency measures, ensuring that its buildings are optimized for minimal energy consumption through the use of energy-efficient lighting, HVAC systems and smart technologies.



SDG #8 – Decent work and economic growth

AFI is committed to protecting employee rights and promoting a safe, fair and supportive work environment. The Company's approach to decent work and economic growth includes:

- Health and safety policies, ensuring a safe environment for both employees and contractors. AFI adheres to local and international safety standards, and provides regular training.
- Promoting fair employment practices, including anti-discrimination policies and diversity and inclusion initiatives, in line with the Company's values.
- Investments in employee development, offering career advancement opportunities, leadership training and skills development programs.
- AFI's projects contribute to local economies by generating jobs, supporting economic growth and fostering the development of local communities.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



SDG #9 – Industry, Innovation and Infrastructure

Innovation and sustainable infrastructure are key pillars of AFI’s long-term strategy. As a leading asset manager, the Company promotes sustainable industrialization by:

- Committing to green building certifications (e.g., LEED, BREEAM) for many of its properties, demonstrating its commitment to sustainability and efficiency in design and operations.
- Implementing eco-friendly solutions, including smart building systems that optimize resource use and reduce environmental impact.
- Investing in renewable energy technologies across its asset portfolio, such as the expansion of electric vehicle (EV) charging stations.

In addition, AFI leverages cutting-edge technologies to drive innovation in real estate, enhancing operational efficiency while minimizing environmental impact.



SDG #11 – Sustainable cities and communities

AFI recognizes the importance of creating sustainable urban environments and ensuring that its developments contribute to the well-being of local communities. The Company’s approach includes:

- Implementing sustainability design features in its properties, such as energy-efficient lighting, heat recovery systems, eco-friendly elevators, triple-glazed facades and other eco-design elements. These features ensure that AFI’s buildings contribute to the reduction of environmental impact while offering a visually appealing façade that seamlessly integrates aesthetics with sustainability.
- Conducting risk assessments during land selection for development to minimize the impact on local ecosystem and community.
- Prioritizing proximity to public and sustainable transportation, reducing reliance on private vehicles and supporting urban mobility.

The Company also promotes long-term leasing strategies and sustainable construction practices, aligning its operations with the principles of sustainable urban development.



SDG #12 – Responsible consumption

AFI is committed to advancing responsible consumption practices. As a real estate developer and asset manager, the Company plays a critical role in promoting the responsible use of natural resources and minimizing waste. Key initiatives include:

- Using sustainable materials and certified materials in construction and refurbishment projects, reducing the environmental impact of building activities.
- Implementing waste reduction and recycling programs, both during construction and throughout the operational phase of the properties.
- Reducing water consumption through the use of water-efficient installations.

AFI’s commitment to green construction is aligned with the principles of a circular economy, ensuring that resources are used efficiently and waste is minimized.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



In 2023, AFI Europe Poland was honored with the Best Mixed-Use, Architectural & Legacy Development of the Year Award for the AFI Home Złota 83 project in Warsaw

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Awards and Rating

AFI's continued commitment to excellence in sustainable development, architectural innovation and environmental responsibility has been recognized through several prestigious awards and certifications. These accolades underscore the Company's leadership in integrating sustainability into real estate, and its efforts to deliver projects that combine functionality, aesthetic value and positive environmental and social impact.

In 2023, **AFI Europe Poland** was honored with the **Best Mixed-Use, Architectural & Legacy Development of the Year Award** for the **AFI Home Złota 83** project in Warsaw. This recognition followed a highly competitive evaluation of over 100 submissions, which included some of the most distinguished projects from leading real-estate businesses and service providers across CEE.

AFI Europe Romania - Awards for 2023

1. SEE Real Estate Awards 2023

- Retail Developer – **AFI Europe Romania**
- Mixed-Use Project – **AFI Braşov** Shopping Center & **AFI Park Braşov** Office Building
- Office Project – **AFI Tech Park** Office Buildings
- Retail Project – **AFI City Bucureştii Noi**

2. 2023 SEE Property Forum & Awards Gala:

Real Estate Company of the Year – **AFI Europe Romania**

3. 2023 CSR Romania Awards:

"**Plan de Viaţă**" ("Life Plan") CSR Project – Awarded for supporting the Community

4. 2023 Forbes:

New Way of Working 2023 – **AFI Lakeview** Office Building

These awards emphasize the Company’s diverse capabilities, from retail and mixed-use developments to high-performing office spaces, and showcase AFI's ability to consistently deliver sustainable, innovative projects across the region.

In addition to these awards, the Company's projects have been recognized for their alignment with international sustainability standards. Several properties have achieved leading certifications, such as **LEED**, **BREEAM** and **WELL**, reflecting AFI’s focus on energy efficiency, resource conservation, and the well-being of tenants and occupants. These certifications reinforce the Company's commitment to integrating sustainability into its real estate developments.

Through these achievements, AFI continues to strengthen its reputation in sustainable real estate development while also contributing to the global sustainability agenda.



Afi Tech, Bucharest, Romania

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

AFI's Value Chain

AFI's value chain is designed to ensure that sustainable and responsible business practices are integrated into its operations, from land development to long-term property management. The Company is dedicated to creating value not only for its stakeholders, but also for the environment and the broader community by embedding sustainability at the core of its decision-making processes.

1. Land planning and Development

AFI is committed to the careful selection of land for development, ensuring that each project is strategically aligned with environmental, social and regulatory considerations. The Company conducts risk assessments and environmental impact analyses to minimize negative effects on ecosystems and communities, in compliance with local laws and regulations. This proactive approach ensures that projects are developed in harmony with the surrounding environment

and reducing potential disruptions to local ecosystems.

Furthermore, AFI emphasizes the development of integrated, mixed-use projects that combine employment, commerce and residential spaces. By strategically locating these developments near public transportation hubs, the Company enhances urban mobility, reduces reliance on private vehicle and contributes to reducing carbon emissions. This integration of land-use planning supports AFI's vision of creating sustainable, inclusive and accessible urban environments.

2. Building construction

Sustainability is central to AFI's construction phase, where the Company prioritizes the responsible selection of suppliers, contractors and subcontractors. AFI ensures that its partners comply with legal and regulatory requirements.

The Company prioritizes ethical sourcing practices, selecting sustainable building materials to minimize environmental impacts during construction. By reducing the carbon footprint of its construction processes and utilizing materials that are both energy-efficient and recyclable, AFI supports the transition to a circular economy. Additionally, the Company integrates waste reduction strategies into its construction practices, ensuring that construction sites are managed with minimal waste generation and resource consumption.



Afi Brasov, Brasov, Romania

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

3. Engagement with potential tenants

During the marketing and leasing phases, AFI actively engages with potential tenants to understand their specific needs and requirements. This dialogue enables the Company to offer tailored solutions, ensuring that tenant expectations are aligned with available spaces in terms of design, functionality and sustainability.

By incorporating tenant feedback early in the process, AFI can better position its properties to meet both operational needs and sustainability

goals. This proactive engagement strengthens the alignment between the Company’s ESG commitments and tenant aspirations, ensuring a collaborative approach to long-term sustainability.

4. Long-term relationship with tenants

AFI builds long-term relationships with tenants through fair and transparent contracts. These contracts are designed to promote mutual trust and benefit, ensuring that tenants feel supported throughout their occupancy.

5. Property management

Once its properties are operational, AFI provides ongoing property management focusing on maintaining high standards of energy efficiency, waste management and water conservation. The Company uses advanced building management systems (BMS) to monitor and optimize energy usage, reduce water consumption and improve waste segregation and recycling practices.

AFI also prioritizes tenant and visitor well-being by implementing health and safety measures, as well as indoor air quality controls, ensuring that its properties meet the highest standards for occupant comfort and environmental performance.



Through its holistic value chain approach, AFI ensures that sustainability is an essential aspect of its operations, from the earliest stages of land development to the long-term management of its properties. This commitment to responsible consumption, environmental stewardship and stakeholder engagement strengthens the Company’s position as a forward-thinking real estate developer, dedicated to creating sustainable value for all.



Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



AFI Victoriei Plaza, Bucharest, Romania

AFI is committed to **environmental stewardship and minimizing its environmental footprint** by upholding sustainability standards across its operations

Environment

AFI's Sustainability Vision

AFI is committed to environmental stewardship and minimizing its environmental footprint by upholding sustainability standards across its operations. Recognizing the global challenges posed by climate change, the Company prioritizes reducing energy consumption, conserving resources and preventing environmental harm. AFI's ESG policy reflects this commitment and serves as the foundation for its sustainability initiatives.

Sustainability is embedded in the Company's business practices from the earliest stages of project development, starting with land acquisition and extending through construction and long-term assets management. AFI ensures that all new and existing projects comply with both national and international environmental regulations and standards. The Company strives to certify its buildings according to globally recognized green certifications, such as BREEAM or LEED, reinforcing its commitment to environmentally responsible real estate development.

Sustainability is embedded in the Company's business practices from the earliest stages of project development

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Afi Tech, Bucharest, Romania

Environmental assessments and Land development

When selecting potential land for development, in accordance with the local legislation AFI engages environmental consultants to conduct Environmental Impact Assessments (EIAs), which provide a comprehensive analysis of potential environmental impacts. These assessments are critical to the decision-making process, helping to predict and mitigate potential risks to both natural ecosystems and human communities. The EIA's are a key requirement in meeting green building standards, covering a range of environmental factors such as noise control, radiation prevention and air pollution management in new projects.

The Company's EIA process takes a comprehensive approach by evaluating both the positive and negative impacts of the land, focusing on significant areas identified during the scoping phase. Mitigation strategies are then developed and tailored to the specific context of the land, ensuring that potential negative environmental impacts are effectively avoided, reduced or minimized. These mitigation measures are directly integrated into the land use and management plans, ensuring their practical application throughout the lifecycle of the property.

In addition to EIAs, AFI conducts soil contamination surveys and evaluates existing green certifications when acquiring new properties. These due-diligence activities ensure that the Company's acquisitions align with its sustainability principles and contribute to responsible land use. AFI also examines broader socioeconomic and climate-related impacts, considering access to public transportation and ecological factors.



Park Weizmann, Ness Ziona, Israel

The Company's EIA process takes a comprehensive approach by evaluating both the positive and negative impacts of the land, focusing on significant areas identified during the scoping phase

Introduction

2023 ESG Highlights

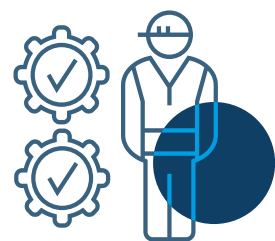
About AFI

Environment

Social

Corporate Governance

GRI index



Sustainable construction practices

During the construction phase, AFI integrates energy-efficient technologies into its projects to minimize the environmental impact of its buildings. This includes the use of advanced insulation materials, energy-efficient HVAC systems and smart building systems for optimized resource management. Additionally, the Company provides training programs for employees, focused on environmental awareness, safe storage of materials, maintaining clean and safe construction sites, and promoting energy-saving practices.

AFI places significant emphasis on waste management and resource conservation during construction, ensuring that projects adhere to best practices for minimizing waste generation and optimizing the use of materials. These initiatives align with the Company's broader sustainability goals, supporting the transition to a circular economy and reducing the carbon footprint of its construction activities.

AFI integrates energy-efficient technologies into its projects to minimize the environmental impact of its buildings

Environmental management post-construction

After completion of the construction phase, AFI implements a comprehensive Environmental Management System (EMS). The EMS incorporates energy-efficient practices, waste management programs and resource conservation strategies, all of which are regularly monitored to ensure ongoing compliance with environmental objectives. The Company's relevant officers, such as the Facility Managers and the Group Operational Manager play a crucial role in overseeing the implementation and performance of these environmental initiatives.

Commitment to green building standards

With 54% of properties in AFI's portfolio certified under BREEAM and LEED standards, the Company demonstrates its long-standing commitment to sustainability and high environmental performance. These certifications reflect AFI's focus on energy efficiency, water conservation and indoor environmental quality, aligning with global best practices in green building design.

Furthermore, the Company actively explores opportunities to expand the integration of green certifications across its entire development pipeline. AFI's goal is to increase the proportion of certified buildings, ensuring that future projects contribute to sustainable urban environments and meet the growing demand for eco-friendly, high-performance real estate.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



sky line, Belgrade, Serbia

Climate Change



Climate change poses significant and far-reaching threats, impacting the environment, human health, economies and the stability of ecosystems around the world. The rise in greenhouse gas emissions, primarily driven by human activities, contributes to rising global temperatures, leading to more extreme weather events, which, in turn, disrupt

supply-chains, compromise infrastructure and threaten the well-being of communities.

AFI recognizes its role in addressing climate change within the real estate sector. In order to reduce its impact on climate change, the Company tracks, monitors and promotes energy efficiency in its properties, supporting the global transition to a low-

In order to reduce its impact on climate change, the Company tracks, monitors and promotes energy efficiency in its properties, supporting the global transition to a low-carbon economy

carbon economy. AFI accomplishes this by integrating green building practices, optimizing resource usage and shifting to renewable energy sources. These efforts align with the Company's strategic objective of reducing GHG emissions while enhancing both economic and environmental performance.

AFI's commitment to minimizing its environmental footprint is embedded in its decision-making processes. The Company monitors compliance with environmental regulations, and continuously measures and reviews its performance to achieve ongoing improvement.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Energy efficiency and renewable energy integration

AFI actively pursues initiatives to increase energy efficiency and integrate renewable energy in its properties, recognizing that sustainable energy practices are fundamental to reducing its overall carbon footprint. Key initiatives include:

- **Energy efficiency programs** – AFI has continued to implement various energy efficiency programs aimed at optimizing energy use, focusing on reducing unnecessary energy consumption and enhancing operational performance.

- **Transition to energy-efficient LED lighting** – AFI has replaced traditional lighting systems with energy-efficient LED technology in its properties. This transition reduces energy consumption and results in lower electricity costs, benefiting both the Company and its tenants.

AFI had installed a total of **404** EV charging stations across its properties



- **Purchase of green electricity** – AFI’s Property Managers have been sourcing energy from sustainable electricity suppliers, further contributing to reducing the Company’s carbon footprint.
- **Installation of electric vehicle (EV) charging stations** – To promote the adoption of eco-friendly transportation, AFI has installed EV charging stations at its properties, supporting the transition away from conventional fuel-based vehicles. As of 2023, the Company had installed a total of 404 EV charging stations across its properties, with plans for further expansion based on the development of the EV market and the available regional infrastructure.

Introduction

2023 ESG Highlights

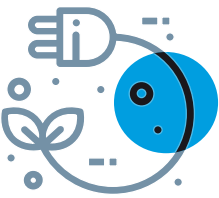
About AFI

Environment

Social

Corporate Governance

GRI index



Building resilience and Adaptation to climate change

In addition to energy efficiency, AFI's building designs incorporates strategies to ensure resilience and adaptation to the increasing risks posed by climate change. The Company addresses both immediate and long-term climate-related risks through the following approaches:

- **Passive design** – AFI optimizes building orientation, insulation, natural ventilation and shading to reduce energy demand for heating and cooling, enhancing energy efficiency.
- **High-performance insulation** – AFI employs advanced insulation materials to maintain comfortable indoor temperatures while minimizing energy consumption.

- **Durable materials** – AFI uses durable materials that can withstand extreme weather conditions, ensuring both the longevity and resilience of its buildings.
- **Structural integrity** – Buildings are designed to be resistant to wind, earthquakes and other environmental stressors, enhancing their safety and durability.
- **Site selection** – AFI carefully selects sites for development, avoiding areas prone to climate-related hazards such as flooding, wildfires or landslides.
- **Emergency preparedness** – AFI integrates backup power systems, fire-resistant materials and emergency water supplies into building designs, ensuring that properties remain functional or can be safely evacuated during extreme weather events.



Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

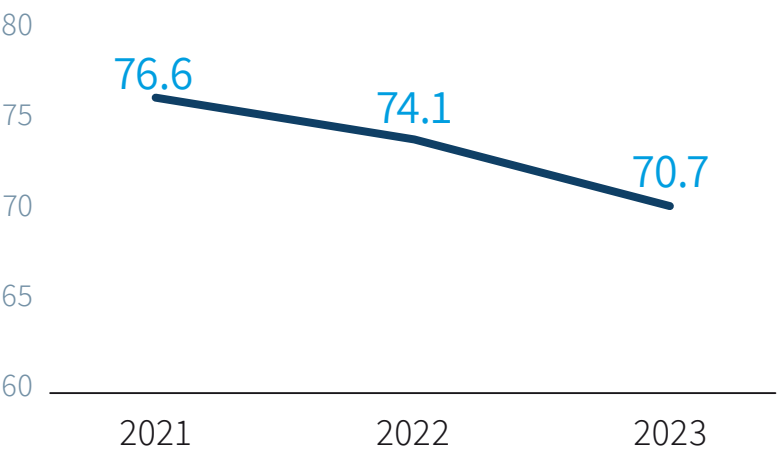
GRI index

Electricity consumption

In 2023, AFI's total electricity consumption was 90.8 GWh². Despite increased operational activity, the electricity consumption intensity – measured as electricity consumption per property area – decreased by 5% compared to 2022, continuing the

reduction trend established since 2021. This decrease in electricity intensity contributed to both cost savings and a reduction in GHG emissions. The energy saving is attributed to the successful implementation of various energy efficiency initiatives.

Electricity Intensity (kWh/m²)



² In some countries, includes also electricity for heating and cooling.

Greenhouse gas emissions

AFI's carbon footprint encompasses its operations in Israel and across CEE and was calculated using the globally recognized GHG Protocol methodology, focusing on energy-related activities categorized into Scope 1 and Scope 2 emissions.

- 1. Scope 1 emissions** – These direct emissions arise from company-owned or controlled vehicles and stationary fuel combustion, essential for backup power systems and ongoing electricity³ needs.
- 2. Scope 2 emissions** – Indirect emissions result from electricity used in cooling, heating and other building operations. Calculations follow both the Location-based and Market-based methods as recommended by the GHG Protocol, providing a nuanced view of electricity-related emissions from operational activities.

In 2023, the Company's total GHG emissions reached 27,061 tons CO₂e. Due to AFI's sustainability initiatives, a reduction of 12% in the total emissions and a 24% decrease in emissions intensity have been achieved from 2021 to 2023, of which a 5% reduction in total emissions occurred between 2022 and 2023, attributed to continuous efforts in energy efficiency and emission-reduction strategies.

While Scope 1 emissions showed a marginal increase due to an expanded vehicle fleet from 2021 and 2023, as illustrated in the graphs below⁴, the Company's total emissions intensity — measured as emissions per square meter of property area — continued its downward trend. This decrease underscores the impact of AFI's energy efficiency measures, which led to reduced emissions despite the growing operational footprint.

³ Fuel sources includes gasoline, diesel and natural gas.

⁴ Figures refer to AFI's GHG emissions according to the market-based method. Please see the ESG data table for the full emissions data.



AFI Park Timisoara, Timisoara, Romania

Due to AFI's sustainability initiatives,
a reduction of **12%** in the total emissions
and a **24%** decrease in emissions intensity
have been achieved from 2021 to 2023

Introduction

2023 ESG Highlights

About AFI

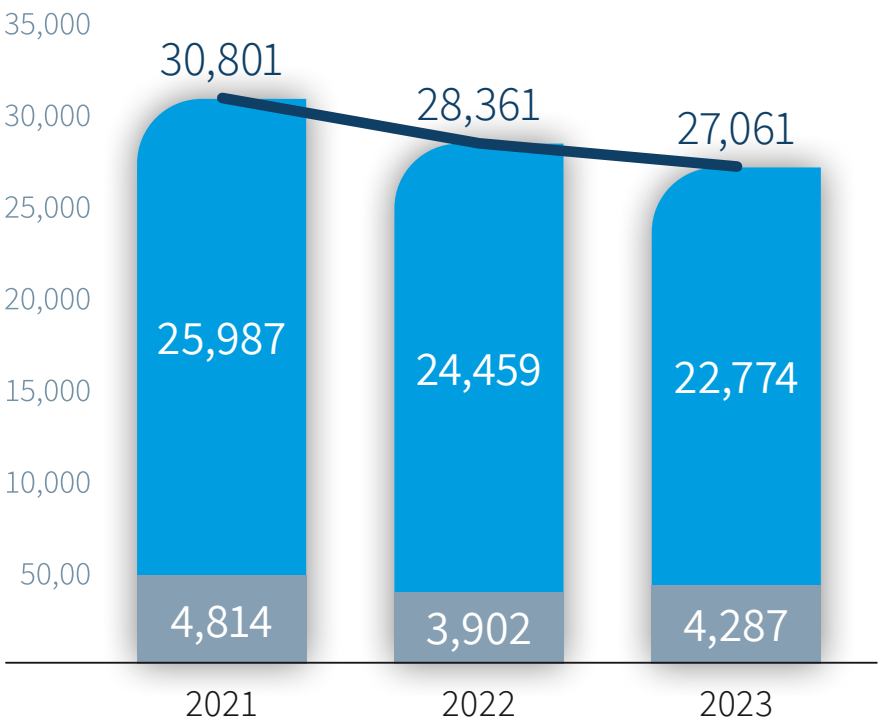
Environment

Social

Corporate
Governance

GRI index

GHG Emissions (kg co₂e)



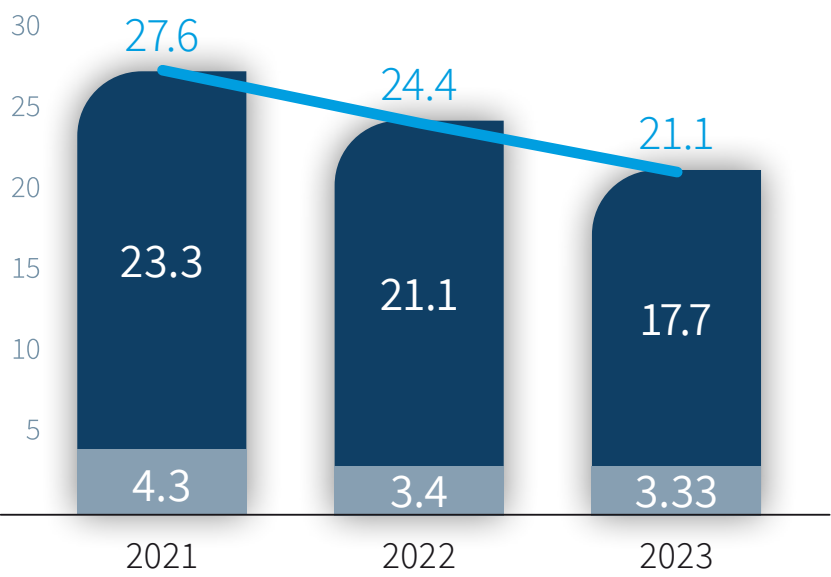
Scope 1 | Scope 2 - Market based | Total GHG - Market based



AFI's aim is to expand its emissions analysis to cover all energy-related activities comprehensively, thereby improving transparency and alignment with global sustainability standards



Total GHG - Intensity (kg co₂e/m²)



Scope 1 - Intensity | Scope 2 Intensity - Market based
Total GHG Intensity - Market based

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Sustainable Building

AFI is committed to integrating sustainability practices across its property projects — from planning and construction to ongoing building management. By ensuring compliance with leading environmental standards, such as LEED and BREEAM certifications, the Company actively incorporates sustainable practices and energy-efficient technologies to minimize environmental impact and contribute to long-term sustainability. Key sustainable building practices include:

1. Sustainable material selection

AFI prioritizes the use of building materials with a proven positive environmental, economic or social life-cycle impact. This includes selecting materials with recycled content or those accompanied by environmental product declarations, ensuring that our construction processes have a reduced environmental footprint.

2. Low-emitting materials

To protect indoor air quality and safeguard the health of building occupants, AFI uses low-emitting materials in its properties.

3. Energy-efficient technologies and Design

AFI's projects incorporate energy-efficient technologies and designs into its construction projects from the initial design phase, with a strong emphasis on achieving LEED certification and meeting near Zero Energy Building (nZEB) standards. Collaborating with LEED-certified designers and authorized energy performance consultants, the Company ensures that the building's design achieves the highest possible scores in sustainability areas, and all new buildings and those undergoing major renovations aligns with EU regulations for nZEB compliance, focusing both on total energy consumption and on carbon emissions.



ACB, Belgrade, Serbia

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



4. Commissioning activities

To maintain high-performance standards, AFI engages independent and experienced experts, certified by the authorities, to conduct both fundamental and enhanced commissioning of mechanical, electrical, plumbing and renewable energy systems. This approach ensures that the design, construction and operation of the building meet our energy, water, indoor environmental quality and durability standards, contributing to the long-term sustainability and efficiency of our projects.

5. Construction and demolition waste management

AFI works with sustainability consultants and contractors to develop and implement waste management plans for construction and demolition, setting waste diversion goals for at least five material streams. AFI aligns its construction practices with industry best practices and European standards, aiming to divert a significant proportion of construction waste from landfills, thus supporting circular economy principles and minimizing environmental impacts.

6. Erosion and sedimentation control

In line with best practices, AFI implements erosion and sedimentation control measures to limit pollution from construction activities. This plan protects local ecosystems by effectively managing soil erosion, waterway sedimentation and airborne dust.

7. Indoor air quality management

AFI implements an Indoor Air Quality (IAQ) management plan to ensure the well-being of both construction workers and future building occupants. This plan is designed to minimize indoor air quality issues associated with construction and renovation activities, fostering a healthy indoor environment post-construction.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

8. Certifiably WELL – Promoting health and well-being

In addition to fostering sustainable buildings, AFI prioritizes the health, safety and well-being of all occupants within its properties. The WELL Health-Safety Rating, developed by the International WELL Building Institute (IWBI), serves as a performance-based system that evaluates critical features of the built environment that impact human health and well-being, including air quality, water, lighting, nourishment, physical activity, comfort and mental health support.

9. Ongoing building management

Beyond construction, AFI incorporates energy-saving features such as LED lighting, high-performance insulation and advanced HVAC systems to enhance energy efficiency in its operational properties. Waste management strategies incorporate circular economy principles and are established during the construction phase. Regular audits are conducted Through our operation to assess and optimize waste practices, ensuring compliance with local regulations and reducing.

10. Environmental impact and biodiversity assessments

Though most of our projects are located in urban areas, AFI conducts thorough environmental assessments to mitigate any potential impacts on local biodiversity. This ensures that each project aligns with the Company’s environmental stewardship goals and minimizes ecological disruption.

Through these sustainable building practices, AFI demonstrates its dedication to environmental responsibility, creating properties that not only meet high-performance standards, but also contribute positively to the well-being of the communities and ecosystems in which it operates.



AFI conducts thorough environmental assessments mitigation of any potential impacts on local biodiversity

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Implementation across AFI’s portfolio

AFI’s commitment to sustainable building practices is reflected in projects across its portfolio, where the key practices are tailored to meet specific environmental and operational goals. The following examples illustrate how these principles have been integrated into the Company’s recent developments, showcasing our dedication to environmental responsibility and operational efficiency.

1. Romania – AFI’s office portfolio

Our operation in Romania exemplifies the AFI’s sustainable building practices, through strategic local procurement and a commitment to health and wellness standards. In 2023, the Company prioritized local businesses by sourcing 50% of all materials from local suppliers while ensuring that at least 30% of materials

used in its projects incorporated recycled content. This approach not only reduces environmental impact by minimizing transportation emissions and supporting the circular economy, but also strengthens relationships with regional suppliers, thereby contributing to the local economy and reducing the overall environmental footprint of its projects.

Furthermore, as of 2023, we have achieved the WELL Health-Safety Certification across AFI’s entire Class A office portfolio in Romania, encompassing seven high-quality office projects. This milestone positions AFI as a frontrunner in providing environmentally responsible, people-centered spaces, ensuring that its buildings offer a healthy, productive environment for tenants and visitors alike. By adhering to WELL standards, the Company demonstrates its commitment to a holistic approach to sustainability that extends beyond environmental performance, actively supporting the physical and mental well-being of its communities.



AFI Arad, Arad, Romania

- Introduction
- 2023 ESG Highlights
- About AFI
- Environment
- Social
- Corporate Governance
- GRI index



Sustainable Building

2. Israel

AFI’s dedication to sustainable building practices through adherence to the Israeli Green Building Standard (TSI 5281), which emphasizes environmental responsibility throughout the development process. In alignment with that standard, the Company’s operation in Israel actively reduces its projects’ carbon footprint by incorporating recycled materials and implementing advanced energy-saving technologies.

By integrating these practices, we ensure that AFI’s buildings in Israel not only comply with environmental standards, but also support the company’s broader ESG goals.

AFI’s operation in Israel actively reduces its projects’ carbon footprint by incorporating recycled materials and implementing advanced energy-saving technologies

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

3. Czech Republic – AFI Karlin

The AFI Karlin office complex in Prague exemplifies the Company's commitment to sustainable design and occupant well-being. Located strategically at the intersection of a thriving business and residential area, this office building combines architectural excellence with forward-thinking sustainability features, such as:

- **Sustainability initiatives** – Rainwater harvesting systems support irrigation for the plant-covered façade while electric vehicle charging stations in the underground garage promote sustainable transportation.
- **Green building certification** – AFI Karlin holds the “BREEAM Excellent” certification, reflecting its high standards in sustainability, energy efficiency and environmental responsibility.



- **Green design** – Approximately 1,400 square meters of the building’s facade is covered by 624 living plants panels, carefully selected to adapt to the local microclimate, enhancing air quality and aesthetics.
- **Smart systems** – Automated blinds optimize natural light while openable flaps provide natural ventilation, reducing reliance on artificial lighting and mechanical cooling.
- **Accessibility** – Inclusive design features include accessible restrooms, elevators and designated parking spaces for the disabled individuals, ensuring accessibility for all.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

4. Poland – AFI Home Złota

AFI Home Złota is a distinguished residential development situated in the heart of Warsaw, offering elegantly restored apartments for long-term rental in a building of significant historical value. Located in the renowned Wolf Krongold tenement dating back to 1899, AFI Home Złota is a prime example of Neo-Renaissance architecture harmoniously combined with modern sustainability practices. Key sustainable features include:

- **Historical restoration** – The building’s Neo-Renaissance façade has been meticulously restored, preserving iconic architectural features, including intricate sculpted figures and detailed wall frescoes. This restoration enhances the historical integrity of the building while respecting its cultural heritage.
- **Modern integration** – AFI Home Złota seamlessly blends the historic tenement with a newly constructed, modern section.

Home Złota is actively pursuing BREEAM certification, aiming to achieve an Excellent level by 2025



Złota Warsaw, Poland

This integration of old and new not only enhances functionality, but also showcases the architectural versatility of the project.

- **Preservation of original character** – Historical details, including traditional tiled stoves and unique decorative elements, have been carefully preserved and restored, maintaining authentic charm of the building's original design.
- **Sustainable building practices** – The restoration incorporates green building practices, such as energy-efficient windows. These windows, which were manufactured using eco-friendly technologies, utilize water-based paints and FSC-certified materials, reducing environmental impact and improve thermal performance.
- **Green building certification** – AFI Home Złota is actively pursuing BREEAM certification, aiming to achieve an Excellent level by 2025. This certification effort underscores AFI’s dedication to sustainable development and commitment to high environmental standards.



Złota Warsaw, Poland

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Water Use and Wastewater Management

AFI prioritizes water conservation and efficient water use as part of its sustainability strategy, implementing water management practices. These efforts support environmental stewardship and regulatory compliance, as well as contribute to key environmental certifications aligned with global standards, such as LEED and BREEAM. The following structured approach outlines the Company's initiatives:



1. Water quality monitoring and Compliance

- **Water quality monitoring program** – AFI's water monitoring program includes regular sampling and analysis by accredited laboratories to assess water quality parameters. This ensures that the quality of water resources within its properties meets regulatory standards and safeguards the environment.
- **Compliance and reporting** – AFI adheres to regulatory requirements related to water usage and quality management, and maintains transparency by regularly reporting its performance to relevant authorities.

2. Water conservation strategies

- **Outdoor conservation** – AFI's landscaping strategy includes using drought-tolerant, native and adaptive vegetation, as well as highly efficient drip irrigation systems to reduce potable water usage by at least 50% across all new developments. This approach ensures that our landscaping efforts are both environmentally sustainable and resource efficient while maintaining aesthetic standards. Additionally, we implement rainwater harvesting systems to capture and utilize rainwater for irrigation and other non-potable uses.
- **Indoor water efficiency** – AFI integrates water-saving fixtures, such as low-flow toilets, faucets and showerheads, in new and active projects, significantly reducing indoor water usage without compromising functionality.
- **Smart irrigation systems** – Outdoor irrigation systems are equipped with automated, weather-responsive technology that adjusts water use based on real-time conditions, directs water precisely to plant roots and reduces evaporation and runoff, reducing water wastage and optimizing resource efficiency.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Park Weizmann, Ness Ziona, Israel

AFI integrates on-site wastewater treatment solutions during construction to manage and treat wastewater effectively, reducing reliance on municipal systems and facilitating the recycling and reuse of water for non-potable purposes

3. Monitoring and Smart water management

- **Smart metering and BMS integration** – Advanced metering systems connected to AFI’s Building Management System (BMS) enable real-time monitoring of water usage, allowing for timely identification of inefficiencies and implementation of additional water-saving measures throughout the lifecycle of the properties.
- **Leak detection and maintenance** – AFI conducts regular inspections of plumbing and irrigation systems to promptly detect and address leaks issues, ensuring the infrastructure remains efficient and sustainable. This proactive maintenance approach minimizes water wastage and supports resource conservation efforts.

4. Sustainable practices for external maintenance

- **Water-efficient landscaping and mulching** – AFI selects drought-tolerant plants adapted to local climates and applies mulch around plant bases to minimize water evaporation and maintain soil moisture.
- **Optimized watering schedules** – Irrigation is scheduled for early mornings or late evenings to reduce evaporation, conserving water effectively.

5. On-site wastewater treatment

- **Wastewater treatment systems** – AFI integrates on-site wastewater treatment solutions during construction to manage and treat wastewater effectively, reducing reliance on municipal systems and facilitating the recycling and reuse of water for non-potable purposes. This approach reduces the impact on municipal water systems and supports resource circularity.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

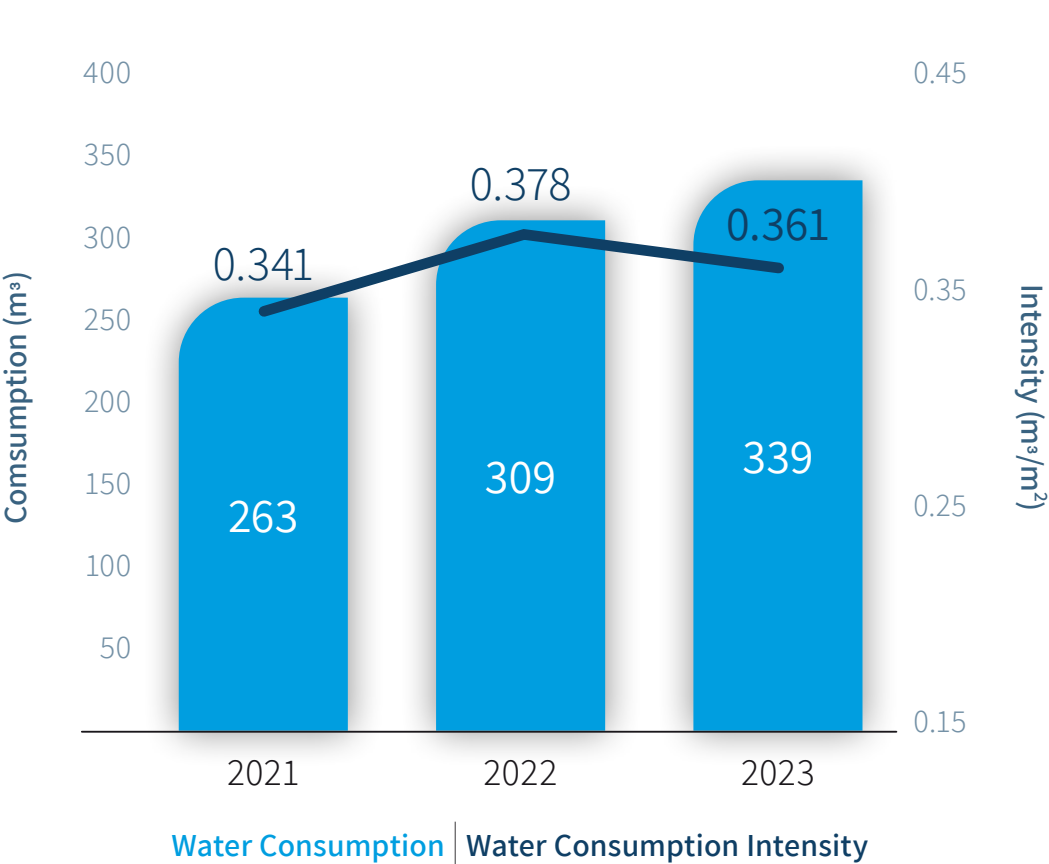


Sky line, Belgrade, Serbia

Building on AFI’s approach to water conservation and management, it’s essential to highlight recent data that reflects both increased activity and its impact on resource use.

In 2023, water consumption⁵ in public areas was 339 cubic meters, representing a 30% increase compared to 2021. This rise is largely attributed to a 15% increase in operational activities, a factor that has influenced the water consumption intensity per property area. These metrics underscore the importance of the Company’s ongoing initiatives in water efficiency to manage resources sustainably amid expanding operations.

Water Consumption



5 Water consumption data excludes Israel.

- Introduction
- 2023 ESG Highlights
- About AFI
- Environment**
- Social
- Corporate Governance
- GRI index



Waste Management and Recycling Procedures

AFI prioritizes sustainable waste management, striving to reduce waste generation, increase recycling rates and promote resource efficiency. This commitment to responsible waste management aligns with circular economy principles, ensuring that resources are optimized and environmental impact is minimized.

Recycled and locally sourced materials are prioritized in construction projects

- **Material efficiency and Reuse** – Recycled and locally sourced materials are prioritized in construction projects. By selecting materials with recycled content and minimizing long-distance transportation, AFI reduces environmental footprint and supports local economies.
- **Operational waste reduction** – Office buildings implement waste reduction and recycling programs to support resource recovery and decrease landfill waste.

1. Circular economy and Resource optimization

AFI integrates circular economy principles into its waste management practices by reducing, reusing and recycling resources wherever possible. Key initiatives include:

- **Construction and demolition waste management** – Waste management plans are implemented on construction sites to facilitate material separation, recycling and diversion from landfills. This ensures that construction and demolition waste is managed responsibly, supporting resource recovery and reducing environmental impact.



AFI Lakeview, Bucharest, Romania

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

2. Waste management in building operations

In managing active properties, AFI takes proactive measures to reduce tenant-generated waste and foster sustainable waste handling practices:

- **Recycling and Waste separation** – Dedicated areas for recyclable materials are provided within buildings, facilitating convenient access for tenants and waste management teams.
- **Hazardous waste management** – Proper procedures are in place for collecting, storing and disposing of hazardous waste, such as batteries and electronic devices. This ensures compliance with safety regulations and reduces environmental risks.
- **Tenant engagement and Support** – AFI actively involves tenants in waste management programs through clear policies and procedures, hands-on training and continuous support from the operational department. Recycling programs, visible guidelines and on-site assistance help tenants align with the Company’s sustainability goals.

Dedicated areas for recyclable materials are provided within buildings, facilitating convenient access for tenants and waste management teams

3. Sustainable construction practices and Green certifications

AFI’s sustainable waste management approach is embedded within its construction practices:

- **Solid waste management in construction** – Sustainability consultants develop solid waste management plans for construction projects.

4. Monitoring, compliance and Continuous improvement

To ensure alignment with its sustainability objectives, AFI conducts regular internal and external waste audits to assess and refine waste management practices:

- **Internal audits and Data analysis** – Waste audits identify major waste streams and inefficiencies, providing actionable insights that drive adjustments to waste sorting protocols and recycling efforts.
- **Employee training and Engagement** – Audit findings guide employee training programs, emphasizing best practices in waste reduction and recycling.
- **Regulatory compliance and Transparent reporting** – AFI complies with local regulations regarding waste management, reporting waste data transparently and consistently to relevant authorities, ensuring adherence to environmental standards.



Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Responsible Supply Chain

AFI is committed to fostering a responsible and sustainable supply chain, ensuring that contractors, suppliers and subcontractors adhere to ethical, environmental and regulatory standards throughout their operations. By integrating evaluation criteria and promoting collaboration, the Company seeks to minimize the environmental and climate impact of its products and services across their lifecycle.



AFI Park 2, Bucharest, Romania

1. Commitment to ethical practices

AFI works with contractors and suppliers who operate with integrity, fairness and compliance with all applicable laws and regulations.

2. Environmental and climate responsibility

AFI prioritizes the selection of partners who align with its sustainability goals, ensuring that suppliers and subcontractors meet the environmental and climate-related requirements.

3. Contractor and supplier prequalification

AFI has developed a prequalification process to evaluate potential contractors and suppliers during the tendering phase. Key components of this process include:

- Documentation review – Submission of comprehensive documentation, such as:
 - a) Environmental, health and safety, and labor policies.
 - b) Relevant certifications (e.g., ISO 14001 for environmental management systems).
 - c) Historical records of performance in environmental and safety management.
- References and Recommendations – Verification of performance through references and recommendations from previous clients.

4. Contractual obligations and Compliance monitoring

AFI includes detailed performance clauses in contracts to enforce compliance with all relevant standards. These clauses specify: Mandatory adherence to environmental, health and safety, and labor regulations.

Penalties for non-compliance to ensure accountability and promote continuous improvement.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Cotroceni mall, Bucharest, Romania

AFI recognizes the **critical role of human capital** in driving its business success and its long-term sustainability goals

Social

Human Capital

AFI recognizes the critical role of human capital in driving its business success and its long-term sustainability goals. As a key stakeholder group, employees are central to the Company's ability to create value and maintain its position in the real estate industry. AFI is committed to fostering an inclusive, diverse and equitable work environment that prioritizes the physical, emotional and professional well-being of its workforce.

The Company is dedicated to upholding and promoting human rights across all its operations, aligning with international standards and local regulations to prevent any violations. AFI ensures that all employees are afforded their fundamental rights and are treated with respect, fairness and dignity.



The Company has established a comprehensive approach to human capital management that focuses on the following pillars:

Employee Development and Engagement

AFI is committed to fostering the professional growth and engagement of its workforce, recognizing that its employees are central to achieving the Company's strategic objectives. AFI supports continuous professional growth of its employees through tailored training programs, mentorship opportunities and career advancement initiatives, creating a culture of excellence.

In 2023, the Company provided 1,408 hours of employee training, ensuring continuous skill enhancement across the workforce. Notably, 97% of managers hold an academic degree, underscoring the emphasis on educational attainment within leadership roles. Additionally, AFI subsidized 21 master's degrees and 4 bachelor's degrees for employees in 2023, further demonstrating its investment in long-term employee growth.

To support these initiatives, the Company allocated a dedicated annual training budget, enabling employees to participate in certifications, specialized seminars and language courses. This approach enhances individual capabilities and also aligns with AFI's strategic vision of fostering a culture of excellence and continuous learning.

1,408
hours of
employee
training

97%
of managers
hold
an academic
degree

**AFI
subsidized for
employees:**

21
master's
degrees

4
bachelor's
degrees



Introduction

2023 ESG Highlights

About AFI

Environment

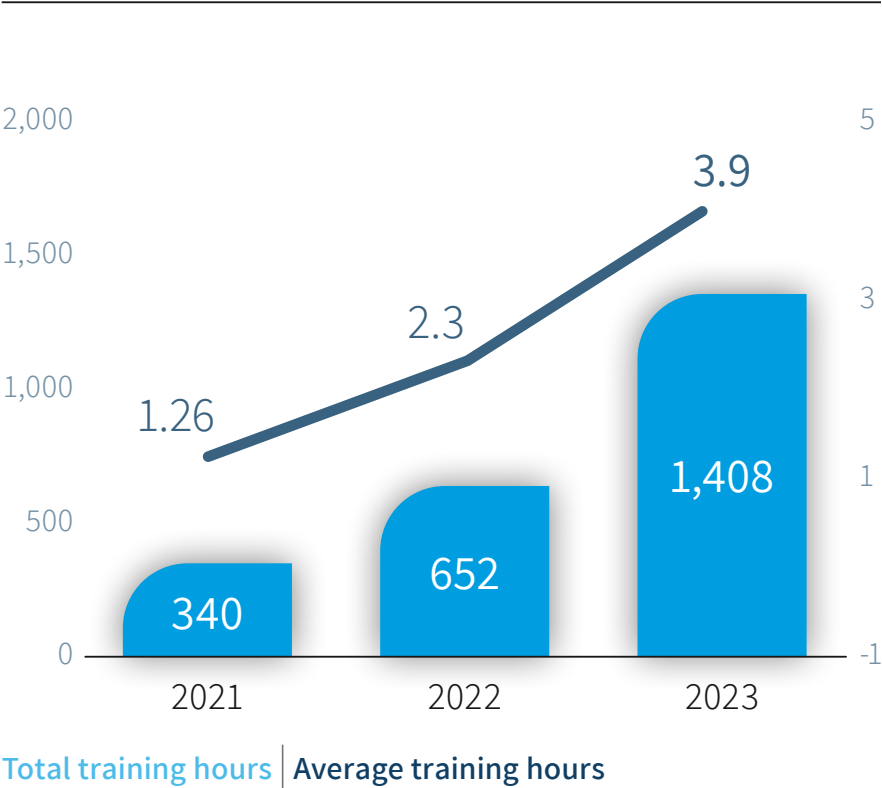
Social

Corporate
Governance

GRI index



Employee training hours



With a total of 354 employees, all working under individual agreements, typically for an indefinite term, the Company ensures that its employment practices align with its internal policies and procedures. The professionalism of AFI's employees offers a distinct advantage, enabling the Company to effectively identify business opportunities, market its properties and maintain a strong competitive position.

To further motivate its workforce and enhance performance, AFI has established several compensation and incentive methods. These includes annual bonuses based on performance evaluations, and sales/ leasing-based incentives for sales/ leasing personnel. By investing in its human capital, the Company reinforces its commitment to employee engagement, professional development and long-term organizational success.

	Managers (academic degree holders)	Managers (non-degree holders)	Total	Degree holders as a percentage of managers	Employees (degree holders)	Employees (non-degree holders)	Total	Degree holders as a percentage of employees
2021	53	1	54	98%	111	71	182	61%
2022	56	1	57	98%	113	82	195	58%
2023	72	2	74	97%	152	106	258	59%

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Diversity and Inclusion

AFI is deeply committed to fostering diversity and inclusion on all levels of its operations, recognizing that a diverse and inclusive workplace is essential for creating a thriving organizational culture. The Company’s management strives to ensure that employees from all backgrounds feel valued and respected.

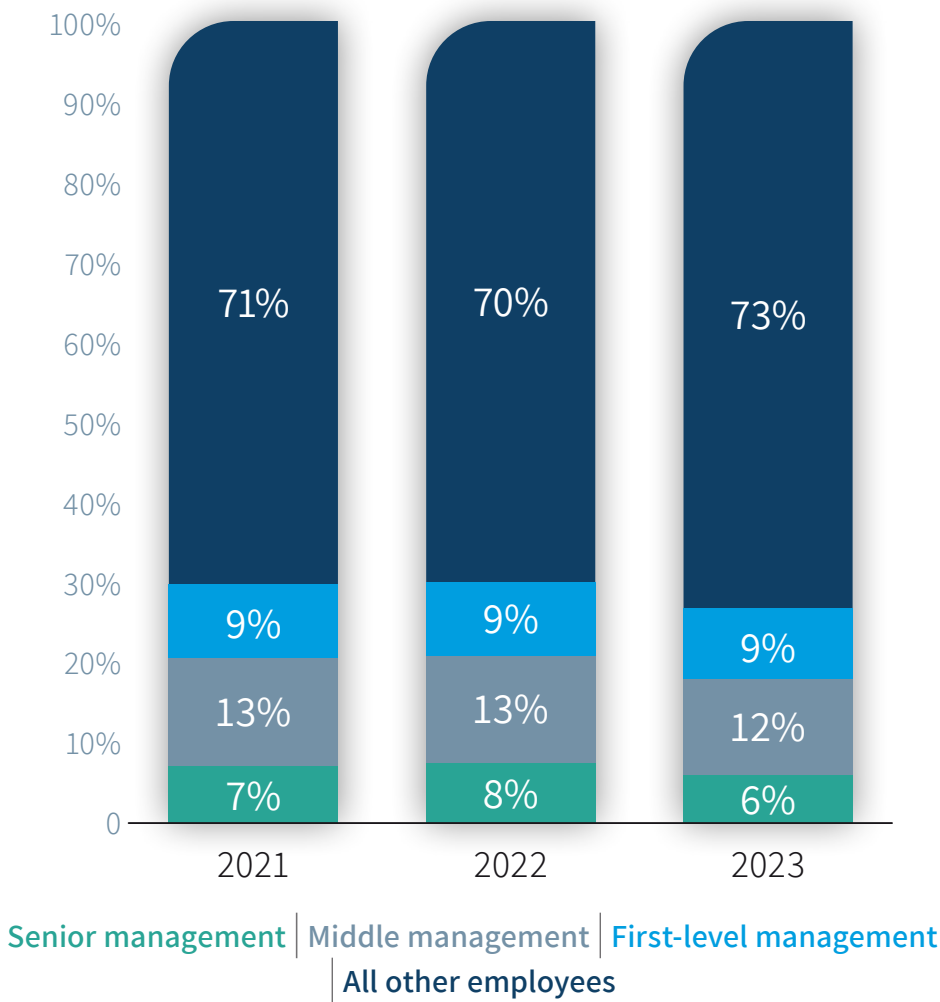
In 2023, women represented 51% of AFI’s workforce, evidencing the Company’s dedication to promoting gender diversity. Moreover, 31% of executive leadership positions were held by women, underscoring AFI’s commitment to increasing female representation in senior management roles. These efforts are complemented by fair and transparent recruitment practices designed to attract a diverse pool of candidates and enhance organizational performance.

women represented
51%
of AFI’s workforce

31%
of executive leadership positions were held by women



Distribution of employees by rank



Introduction

2023 ESG Highlights

About AFI

Environment

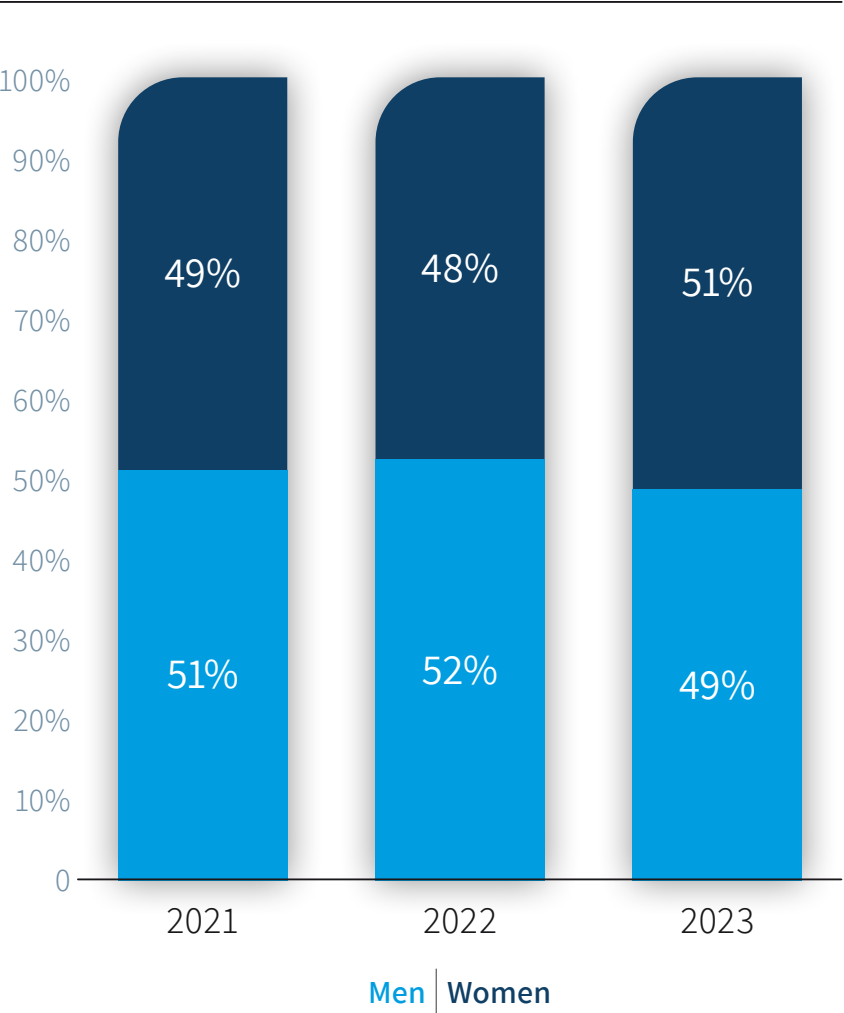
Social

Corporate Governance

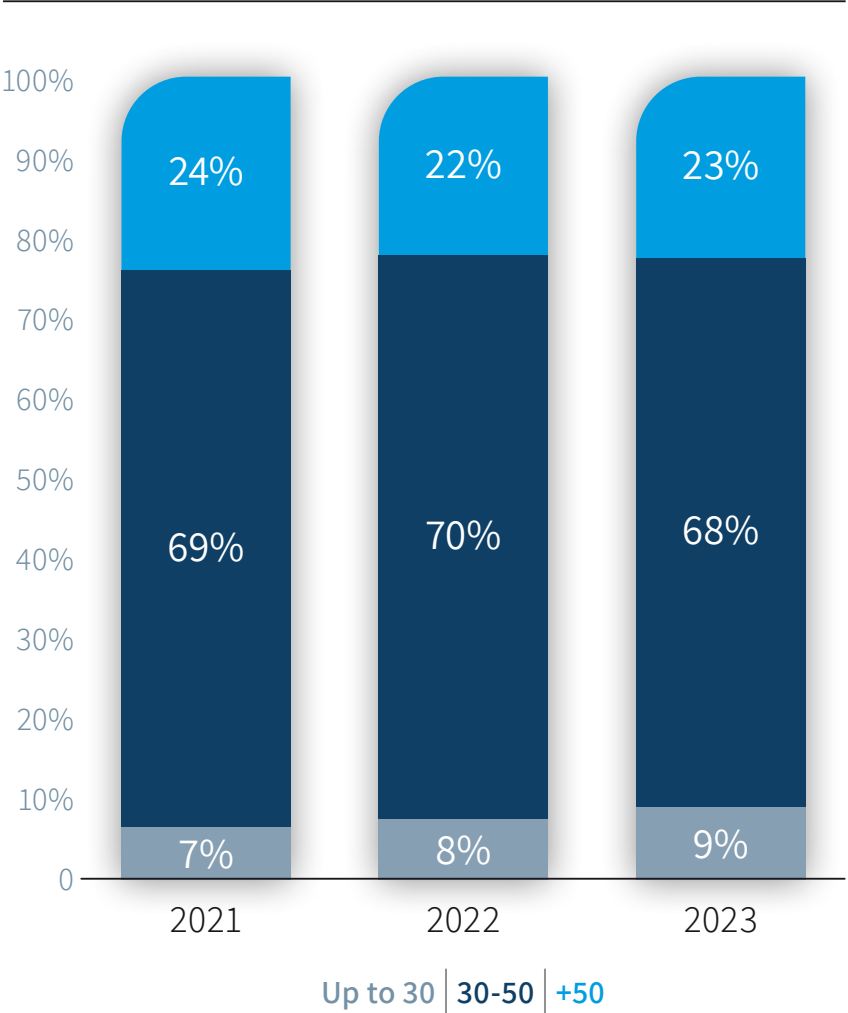
GRI index

The Company maintains a zero-tolerance policy toward discrimination and harassment, in accordance with the applicable laws. Employees are encouraged to report any form of inappropriate behavior they witness. To reinforce this commitment, AFI has appointed a sexual harassment and bullying prevention officer, as required by law, and provides an accessible channel for employees to seek support when needed. A corporate policy against sexual harassment is in place to ensure employees' rights are protected in accordance with the Company's principles.

Employees by gender



Distributions of employees by age



To further its inclusivity efforts, AFI has appointed a General council as the Company's accessibility officer. The officer oversees training programs designed to raise awareness about accessibility issues and provide employees with practical tools for delivering accessible services to clients, tenants and visitors.

Through these initiatives, AFI demonstrates its unwavering commitment to creating an inclusive environment that values diverse perspectives and fosters a sense of belonging for all employees.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



The Company strictly prohibits discrimination of any kind and ensures that privacy rights are respected, with personal information handled in compliance with applicable laws and regulations

Equal opportunity

AFI is committed to fostering an inclusive and equitable workplace where equal opportunities are provided at all levels of employment. The Company strictly prohibits discrimination of any kind and ensures that privacy rights are respected, with personal information handled in compliance with applicable laws and regulations.

To uphold these principles, AFI has appointed a dedicated compliance officer responsible for overseeing adherence to relevant employment laws and company policies. Employees are encouraged to voice their concerns through a confidential whistleblower procedure that

allows anonymous reporting to the compliance officer and the internal auditor. All reported concerns are thoroughly investigated, and findings are communicated to the CEO and the Chair of the Audit Committee. Notably, in 2023, no complaints were filed.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Sky Line, Belgrade, Serbia

Fair and equitable compensation

AFI recognizes that equitable compensation is essential for promoting diversity, inclusion and a culture of meritocracy. The Company's compensation framework is guided by objective criteria, including skills, experience, competencies, performance, job responsibilities, contributions and market dynamics.

To ensure fairness, compensation practices are regularly reviewed to identify and address potential disparities. An annual review process, conducted by multiple levels of management, evaluates pay practices to ensure alignment with AFI's strategic objectives, core values and commitment to equity.

The Company's leadership is dedicated to achieving pay equity across all organizational levels, reinforcing its commitment to inclusivity and the creation of a supportive and empowering workplace for all employees.

To ensure fairness, compensation practices are regularly reviewed to identify and address potential disparities

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Employee welfare

AFI prioritizes the well-being of its employees, recognizing its critical role in fostering a supportive, productive and sustainable work environment. Through targeted initiatives and benefits, the Company aims to reduce workplace stress, enhance job satisfaction, and promote a culture of care and inclusion. These efforts are integral to AFI's commitment to advancing its ESG objectives by ensuring the physical, mental and emotional well-being of its workforce.

The Company invests significantly in programs designed to enhance employee well-being, addressing both physical and emotional health. Key initiatives include:

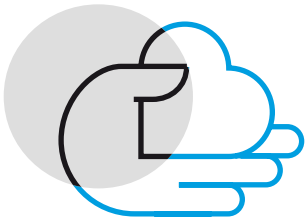
- **Professional development opportunities**
 - Continuous learning and career advancement initiatives contribute to employees' sense of purpose and satisfaction, reinforcing their engagement and connection to AFI's mission.
- **Soft skills training** – Training in areas such as communication, stress management and teamwork supports emotional resilience and positive interpersonal relationships, which are vital for a thriving work environment.
- **Wellness and social activities** – AFI is committed to promoting holistic employee well-being through a variety

of initiatives, including flexible work arrangements, a wellness-oriented work environment, designated relaxation and social interaction areas. These efforts aim to foster a healthy balance between professional responsibilities and personal fulfillment.

AFI is actively planning to expand its well-being programs in alignment with its ESG commitments, understanding that the physical and mental health of employees is essential not only for their personal well-being, but also for advancing sustainability and social responsibility goals. By cultivating an environment of care and resilience, the Company aims to create a workplace that supports both individual and collective growth.

Transportation and Sustainable commuting

AFI demonstrates a strong commitment to sustainable commuting practices by providing resources and initiatives aimed at reducing transportation-related emissions and encouraging environmentally friendly options across its operations. Key measures include:



1. Support for cyclists

To promote cycling as a sustainable commuting option, AFI equips its properties with dedicated bike parking facilities, showers and changing rooms. These amenities are designed to support employees and visitors who choose cycling as a healthier and eco-friendly alternative to personal vehicles.

2. Integration with public transit

Many AFI offices are strategically located near major public transportation hubs and bike paths, facilitating seamless access to sustainable commuting options. This reduces reliance on private vehicles and helps decrease overall carbon emissions. In addition, the Company actively supports public transportation usage by reimbursing employees for transit expenses, further incentivizing low-emission commuting options.

By embedding these transportation initiatives into its sustainability strategy, the Company actively supports the transition to a low-carbon economy. These efforts also reflect AFI's commitment to improving employee well-being and contributing to the environmental sustainability of the communities it serves.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Occupational Health and Safety



AFI is committed to safeguarding the health, safety and well-being of its employees across all areas of operation. The Company maintains a comprehensive framework to manage occupational health and

safety (OHS), adhering to legal requirements and incorporating best practices. This proactive approach reflects AFI's dedication to fostering a safe, supportive and sustainable work environment.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Key elements of AFI’s occupational health and safety framework



1. Compliance with legislation and standards

AFI ensures compliance with all relevant occupational health and safety legislation and regulatory directives issued by local authorities. This adherence guarantees that practices are both legally compliant and aligned with industry best practices.

2. Occupational Health and Safety (OHS) Manager or Committee

A dedicated manager and/ or OHS Committee oversees health and safety policies, reviews workplace procedures, and ensures that safety measures are effectively implemented and maintained in the relevant countries. This manager and/ or committee collaborates closely with employees to address safety concerns and promote continuous improvement.

3. Internal safety audits and Monitoring

Annual internal safety audits are conducted to identify potential risks and ensure compliance with established protocols. A Health & Safety manager oversees all safety-related activities, supported by trained supervisors who monitor compliance on-site.

4. Risk assessment and Prevention

Risk assessments are conducted regularly to identify and mitigate potential hazards in the workplace. These assessments are used to develop prevention and protection plans to minimize risks. AFI continually reviews and updates its safety protocols, incorporating feedback from employees and learning from past incidents to enhance safety measures.

5. Training and Awareness programs

Regular OHS training programs are provided to employees at all levels, covering a wide range of topics such as general workplace safety, emergency response, equipment handling and risk prevention. These training sessions include:

- Initial onboarding and role-specific training for new hires.
- Regular refresher courses tailored to the nature of the work and associated risks.
- Specialized courses, such as first aid and stress management.

6. Incident reporting and Response mechanisms

AFI has implemented clear reporting and response procedures for occupational health and safety incidents. These mechanisms ensure prompt investigation, corrective actions and the integration of feedback to prevent future occurrences. Reporting channels include compliance officers and internal audit systems.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Classic 7, Prague, CZ



Promoting employee well-being

AFI extends its commitment to occupational health and safety by actively promoting employee well-being through various initiatives, such as ergonomic workplace designs to minimize physical strain, wellness programs (e.g. sports classes, stress management workshops and team-building activities) and designated relaxation zones to support mental and physical well-being.

2023 Performance highlights

0.4
Total Recordable Incident Rate (TRIR)

2.03
Total Recordable Injury Frequency Rate (TRIFR)

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Customers and Tenants



AFI serves a diverse customer base of over 2,700 tenants, including private individuals and business corporations across residential, shopping mall and office building projects. The Company is committed

to fostering a collaborative environment with its tenants and customers, aiming to improve their experience, while promoting sustainability and responsible resource use.



Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Sustainability initiatives for tenants and customers

AFI implements a range of measures to support tenants in adopting sustainable practices and reducing environmental impacts. Key initiatives include:

- 1. **Real-time resource monitoring** – Smart meters and sensors are installed to enable real-time tracking of energy and water consumption, empowering tenants to make informed decisions to reduce usage and costs.
- 2. **Efficient HVAC systems** – Intelligent controllers for HVAC systems optimize energy use by adjusting heating and cooling based on real-time conditions, enhancing resource efficiency.
- 3. **Waste management and Recycling procedures** – Tenants receive access to detailed procedural resources such as the Waste Collection and Sorting Procedure, which has contributed to reduced municipal waste and lower waste management costs. Additionally, AFI conducts regular training sessions to educate tenants on waste reduction and recycling best practices.
- 4. **Promoting sustainable commuting** – Bicycle parking facilities, showers and changing rooms are provided to encourage eco-friendly commuting. EV charging stations are available across properties to support the transition to low-emission transportation.
- 5. **Public transportation accessibility** – Websites for commercial centers and office buildings include detailed public transportation information and maps to encourage the use of sustainable travel options.

- 6. **Environmental performance metrics** – AFI monitors energy and water consumption, as well as waste generation, through integrated Building Management Systems (BMS) and regular reporting. These metrics inform ongoing improvements to sustainability practices.
- 7. **Health and wellness certification** – AFI’s office buildings are certified under WELL Health-Safety standards, emphasizing a commitment to creating healthier environments for tenants.
- 8. **Tenant support and Engagement** – AFI provides consultancy services to tenants on implementing sustainability measures, alongside educational workshops and communication campaigns to foster awareness about environmental stewardship.

Enhancement by region

- **Czech Republic** – Monthly overviews and regular training sessions for tenants focus on waste management and recycling.
- **Romania** – Properties feature bicycle parking facilities with showers, G5-M5 air purification filters for virus removal, and detailed public transport information on websites.
- **Bulgaria** – Dedicated bus stops and public transportation instructions are available, alongside waste separation initiatives.
- **Israel** – Development plans include adopting tools to measure environmental impacts and incentivizing clients to adopt sustainable practices. Enhanced air quality monitoring systems are also under consideration.



Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Customers Health and Safety

AFI is committed to ensuring the health and safety of its customers and tenants across its shopping centers, office buildings and other properties. The Company integrates advanced health and safety management practices into its operational strategy, aligning with regulatory standards and best practices in ESG.

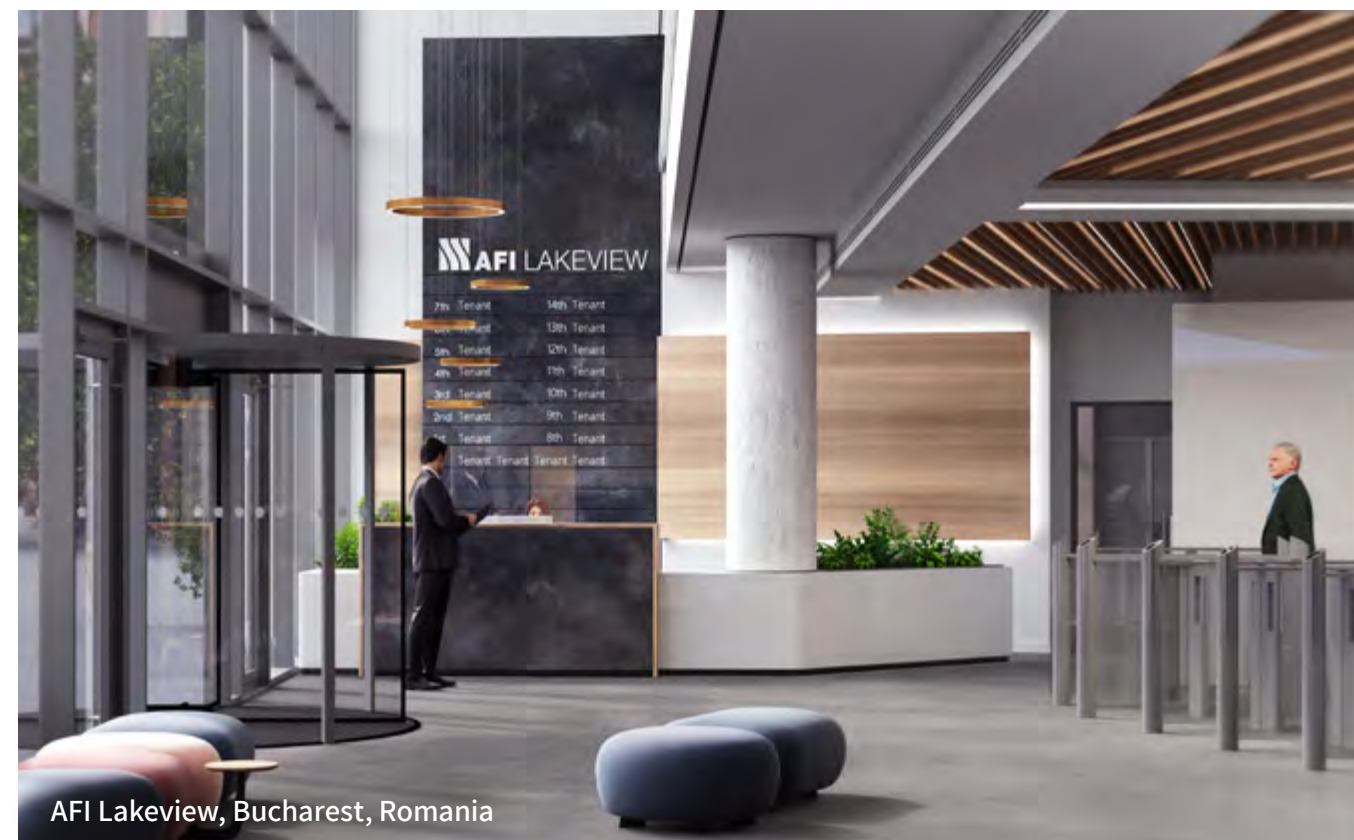
Safety management framework

1. Comprehensive safety systems

AFI properties are equipped with state-of-the-art safety systems, including public address systems, sprinklers and fire detection technologies. These systems are regularly tested and updated to align with technological advancements and regulatory standards, ensuring the highest levels of safety for occupants.

2. Enhanced hygiene and sanitation practices

In response to the global pandemic, AFI strengthened its sanitation protocols by regularly disinfecting high-touch areas and providing hand sanitizing stations throughout its properties, safeguarding the well-being of customers and tenants.



3. Air quality and Environmental monitoring

AFI's office buildings and shopping centers feature advanced air purification systems with G5-M5 filters (MERV 8-10) to neutralize airborne pathogens, including viruses such as COVID-19. Smart meters and sensors continuously monitor air quality, energy usage and water consumption, enabling immediate corrective actions when needed.

AFI is committed to ensuring the health and safety of its customers and tenants

4. Preventive maintenance

AFI employs a preventive maintenance strategy that includes regular inspections to address technical deficiencies. This approach ensures that potential issues are resolved before they impact health and safety.

5. Accessibility measures

AFI prioritizes inclusivity by equipping its properties with ramps, elevators with special features for the visually impaired, and automated controls for revolving doors. These measures ensure equal access for all tenants and visitors, aligning with the Company's commitment to inclusivity.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Tenant and customer engagement

1. Safety communication and Feedback channels

AFI fosters open communication with tenants and customers through various feedback mechanisms, including dedicated email addresses, social media platforms and on-site reporting systems. Clear signage and guidelines are provided to ensure awareness of health and safety protocols.

2. Customer complaint mechanism

- **Reporting system** – Multiple channels are available for customers to report health and safety concerns.
- **Response and Resolution** – Acknowledgments are issued promptly, and health and safety teams investigate and resolve issues, providing feedback to customers.
- **Monitoring and Improvement** – Data from customer feedback is analyzed to identify trends and refine health and safety strategies.

Certifications and Transparency

1. Green Building Certifications

AFI properties hold certifications that emphasize health and safety:

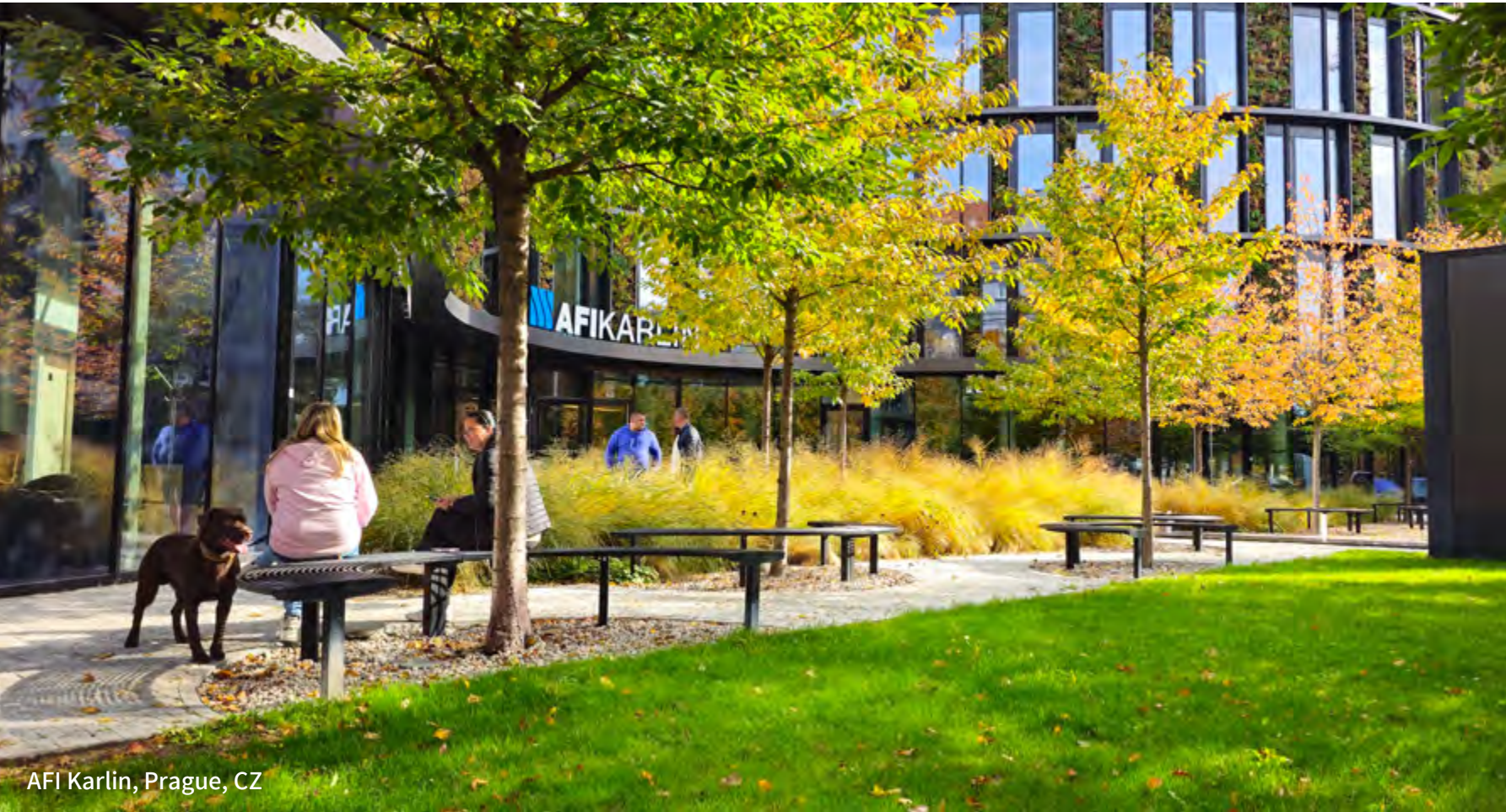
- **WELL Health-Safety Certification** – Recognizes rigorous protocols for air quality, sanitation and emergency preparedness.
- **LEED and BREEAM Certifications** – These certifications highlight AFI's commitment to maintaining safe, sustainable and resilient environments.



2. Health and safety metrics

AFI ensures 100% of its assets undergo regular safety inspections. Incident data is meticulously recorded and reviewed, with continuous updates to policies to address emerging risks and improve practices.

AFI fosters open communication with tenants and customers through various feedback mechanisms



AFI Karlin, Prague, CZ

Introduction

2023 ESG Highlights

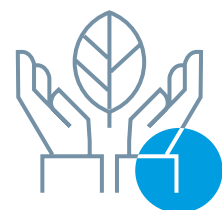
About AFI

Environment

Social

Corporate Governance

GRI index



Community Contributions and Corporate Responsibility

AFI is committed to fostering positive social impact and community engagement across its operations. Through targeted initiatives, strategic partnerships and meaningful

contributions, the Company aligns its social responsibility efforts with its core ESG objectives, promoting inclusivity, sustainability and local development.



Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Charitable giving and Strategic partnership

In 2023, AFI allocated significant resources to impactful partnerships and programs. Notable partnerships include:

- 1. **"The Social Incubator" Association** (Romania) – Partnering with this association, AFI, through the "Plan de Viață" ("Life Plan") program, supported 24 young individuals transitioning from institutional care by providing housing, job placements and psychological counseling.
- 2. **"Hopes and homes for children" Association** (Romania) – Sponsored the "DAR Scholarships" program, benefiting 15 young individuals by supporting their academic and personal development.
- 3. **"Hospice Casa Speranței"** ("Hospice House of Hope") (Romania) – Funded palliative care services, offering compassionate support for terminally ill patients and their families.
- 4. **AFI Israel – resilience and stakeholder support**
AFI demonstrated its commitment to social, business and environmental responsibility by supporting its stakeholders and the Israeli community through charitable contributions, during the national crisis following the October 7, 2023, war outbreak.
Additionally, the Company launched a series of targeted initiatives to strengthen societal resilience and directly engage with those in need. These initiatives included:

- Supporting soldiers and displaced communities**
– Donations of essential supplies, such as medical equipment, food and toiletries, to displaced residents of kibbutzim and soldiers.
- Enhancing accessibility for education** – Provision of laptops to children in communities near the Gaza Strip.
- Immediate assistance to frontline personnel** – Distribution of phone chargers to soldiers on active duty. These contributions reflect AFI's proactive approach to addressing urgent societal needs and fostering solidarity within Israeli society.

Tenant and employee involvement

- 1. **Tenant engagement in social initiatives**
AFI actively involves its tenants in social responsibility efforts, encouraging participation in community programs such as interschool sports tournaments and charity events. Tenants also contribute prizes and support to initiatives, amplifying the overall social impact.
- 2. **Employee recognition and Loyalty program**
 - **AFI Ploiești Shopping Center** (Romania) – **Employee of the Month** – Recognized outstanding retail staff members with gift cards, promoting motivation and a positive workplace culture.
 - **AFI Club card** (Romania) – Offered exclusive discounts at foods outlets to employee, reinforcing community satisfaction.



Brashov Mall, Brashov, Romania

AFI actively involves its tenants in social responsibility efforts

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



AFI Długa, Wrocław, Poland

AFI is committed to **strong and ethical corporate Governance practices**, as outlined in detail below

Corporate Governance

Compliance and Internal Policies

Compliance assessment

In 2023, AFI conducted a Compliance Assessment in collaboration with an external law firm. This comprehensive review mapped regulatory requirements, evaluated alignment with internal work procedures, and provided actionable recommendations. The process involved collaboration across the Legal Department, the Company Secretariat and the Finance Department, ensuring a holistic approach to compliance.

AFI has appointed a compliance officer responsible for ensuring that the Company adheres to all relevant laws and regulations and is responsible for reporting on this subject.

Internal compliance program

As a listed company on the Tel Aviv Stock Exchange, AFI maintains an internal compliance program. The primary objectives of the internal compliance program are to establish standards and provide guiding principles for the Company's employees and management in relation to compliance with legislation regarding the trade of AFI's securities and other corporate laws.

This program is continuously updated to align with the evolving legal environment. The internal compliance officer oversees its implementation, reinforcing key principles of integrity and accountability. Key elements of the program include:

- **Compliance supervision** – The program is supervised by AFI's CEO and a designated Enforcement Officer. Together, they ensure consistent application of legal requirements, monitor adherence to internal policies and oversee the proper reporting of compliance-related matters.
- **Standards and Guidelines** – The program provides a framework for guiding employee and management conduct in certain areas. It emphasizes key principles, such as preventing insider trading, dealing with interested parties' transactions and addressing potential deficiencies proactively.
- **Reporting mechanisms** – Clear procedures for identifying and addressing compliance gaps are outlined, including mechanisms for reporting deficiencies and potential violations. These measures enhance transparency and accountability within the organization.

The program undergoes periodic reviews to address changes in the regulatory environment and evolving Governance practices.



Sky Line, Belgrade, Serbia

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Code of Conduct

AFI's Code of Conduct serves as a cornerstone of its corporate culture, emphasizing integrity, fairness and the creation of a positive work environment. It provides a comprehensive framework of values and principles to which all employees and managers are committed, reinforcing the Company's dedication to ethical and responsible business practices.

Key features of the Code of Conduct include:

- **Adherence to legal standards** – Employees are required to act in full compliance with applicable laws, regulations and internal company policies.
- **Conflict of interest management** – Clear guidelines are in place to identify, disclose and address potential conflicts of interest, ensuring transparency and trust.
- **Anti-bribery and corruption measures** – The code explicitly prohibits bribery, corruption and the acceptance of personal benefits, promoting fairness and integrity in all business dealings.
- **Asset and information protection** – Employees are obligated to safeguard company assets, maintain the confidentiality of sensitive information and adhere to insider trading regulations.
- **Workplace values** – The code fosters a respectful and inclusive work environment, encouraging collaboration and mutual respect among employees.



AFI Złota, Warsaw, Poland

AFI's Code of Conduct serves as a cornerstone of its corporate culture, emphasizing integrity, fairness and the creation of a positive work environment

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



Board of Directors

Composition and Structure

The Board of Directors of AFI Properties Ltd. comprises five members with diverse academic and professional backgrounds, ensuring a broad spectrum of expertise and perspectives.

Pursuant to the Israeli Companies Law, the corporate Governance framework of AFI Properties Ltd. incorporates various control mechanisms, including the following:

- **Independent directors** – AFI has appointed three external directors with accounting and finance expertise. These directors provide independent supervision, ensuring adherence to Governance best practices.
- **Regular directors and shareholder-appointed directors** – AFI has two regular directors, one of whom serves as the Chairman of the Board of Directors. These directors represent the interests of the Company and its stakeholders.

Appointments of external directors are approved by the Company's general meeting to ensure impartiality. Regular and independent directors are initially appointed by the Board and subsequently ratified at the general meeting.



AFI Teach, Bucharest, Romania

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Committees of the Board

To enhance the Governance capabilities of AFI’s Board of Directors, committees are established, with members appointed based on recommendations from the Chairperson of the Board. These committees are predominantly composed of independent external directors to uphold integrity and ensure unbiased decision-making.

The Company has established three specialized committees to supervise and provide strategic advice on various management aspects:

1. Financial statements committee

Responsible for ensuring the accuracy, transparency and compliance of AFI’s financial reports. Key responsibilities include:

- Reviewing financial statements to confirm alignment with accounting standards.
- Overseeing internal controls and coordinating with external auditors.
- Assessing and mitigating financial risks.

This committee plays a critical role in maintaining transparency and ensuring stakeholders receive accurate and reliable financial information.

2. Audit committee

The primary role of the Audit Committee is to ensure that AFI operates in compliance with legal and ethical standards, as mandated by Israeli law. To safeguard the independence and impartiality of the Audit Committee, the law requires that: (i) a majority of its members are external directors, (ii) controlling shareholders or their relatives are prohibited from serving as members in the

Committee, and (iii) participation of interested parties in the Committee’s meetings is limited.

A key function of the Audit Committee is to regulate and supervise transactions involving interested parties, ensuring transparency and compliance with Governance best practices.

3. Investment committee

Tasked with reviewing and approving significant transactions and investments, this committee evaluates the strategic alignment, financial implications and associated risks of proposed deals. Its primary objectives are:

- Safeguarding AFI’s interests in major financial commitments.
- Ensuring proper Governance and compliance with regulatory requirements.
- Promoting sustainable and strategic growth through informed decision-making.

The Chairperson of the Board is a key member of this committee, reflecting its strategic importance.

2023 Board activities

In 2023, the Board of Directors and its committees convened 25 times, underscoring their active engagement in Governance and strategic supervision.

Compensation policy

AFI has implemented a structured compensation procedure for directors, ensuring transparency and fairness. External directors receive an annual fee, disbursed quarterly.



Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

AFI employs a structured, risk-based approach to proactively identify, assess and mitigate potential risks related to its operations



Risk Management

AFI employs a structured, risk-based approach to proactively identify, assess and mitigate potential risks related to its operations. This comprehensive framework ensures alignment with the Company’s strategic goals, regulatory requirements and sustainability objectives.

Risk assessment process

Risk assessments are conducted by an independent external auditor, leveraging a thorough review of:

- **Operational and strategic areas** – Evaluating AFI's activities, organizational structure and ownership framework.
- **Regulatory compliance** – Reviewing the legal and regulatory environments in all jurisdictions where AFI operates.
- **Control mechanisms** – Analyzing existing controls to identify gaps and areas for improvement.
- **Environmental risks** – Including assessments of risks related to climate change, resource management and environmental compliance.

Integration into decision-making

The findings of the risk assessment are presented for discussion during management and board meetings. These discussions focus on:

- Identifying and prioritizing risk factors.
- Developing tailored mitigation strategies.
- Closing any identified gaps in compliance, controls or operations.

The outcome of this process is the foundation for AFI’s Annual Internal Audit Plan, ensuring a systematic approach to managing risks across all operations.

Governance supervision

The Board of Directors conducts an annual review of the risk factors associated with AFI’s activities as part of its supervision responsibilities. The Chief Financial Officer (CFO) is the designated executive responsible for coordinating risk management efforts and ensuring the integration of risk mitigation strategies into the Company’s operations.

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Business Ethics

AFI is unwavering in its commitment to conducting all business activities with integrity, fairness and in full compliance with applicable laws and regulations. The Company prioritizes ethical business practices as a cornerstone of its operations, aligning with its core values and long-term objectives.

Commitment to ethical practices

AFI operates with a clear purpose, to achieve sustainable growth while adhering to ethical standards. The Company actively works with partners who demonstrate integrity, fairness and compliance with the law, ensuring alignment with AFI's ethical principles. This approach strengthens the Company's reputation as a reliable and trustworthy organization and contributes to its long-term stability and success.

Zero-tolerance policy on unethical conduct

AFI enforces a zero-tolerance policy towards unethical behavior, including bribery, corruption, fraud and other forms of misconduct. This policy applies universally to all executives, employees, business partners and stakeholders interacting with the Company. By maintaining this stance, AFI seeks to uphold the trust of its customers and tenants, financing partners, suppliers and employees, while fostering a culture of integrity and accountability.

Core ethical principles

Based on its Code of Conduct, AFI has established a framework of ethical principles to guide its business activities:

- **Fairness** – AFI treats all stakeholder with fairness. Any disputes or conflicts are resolved based on these principles, while prioritizing the Company's long-term interests.
- **Honesty and Transparency** – AFI ensures that information provided to stakeholders and the public is accurate, truthful and free from misrepresentation.
- **Compliance and Prevention** – AFI strictly adheres to anti-bribery and anti-corruption laws and regulations, incorporating these principles into its corporate Governance framework.

Assessment and Continuous improvement

In 2023, AFI engaged an external expert to conduct a comprehensive assessment of fraud and embezzlement risks across all operational units. The evaluation provided insights on enhancing the Company's internal controls and Governance systems, reinforcing its commitment to mitigating risks and maintaining ethical business operations.

By embedding ethical conduct into its operations, AFI mitigates risks and reinforces its dedication to sustainable growth and responsible business practices, fostering trust and collaboration across its operations.

Introduction

2023 ESG Highlights

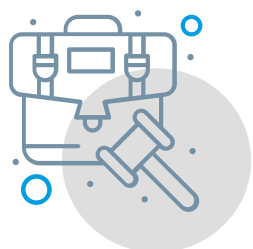
About AFI

Environment

Social

Corporate Governance

GRI index



Privacy Protection and Cybersecurity

AFI is committed to safeguarding the privacy and security of its employees, tenants, customers and business partners, recognizing the importance of data protection in fostering trust and maintaining compliance with global standards. The Company adheres to privacy and data protection laws, including the General Data Protection Regulation (GDPR) and other relevant regulations in its operating regions, ensuring the confidentiality and integrity of its information systems.

Privacy protection

AFI enforces strict policies to protect personal and sensitive information, including medical records, salary data, familial details and employee evaluations. Access to such data is limited to authorized personnel for business-related purposes only, in accordance with applicable laws and internal policies. Any misuse or unauthorized disclosure is strictly prohibited, with violations subject to disciplinary and legal consequences. These policies are regularly reviewed and updated to align with evolving regulatory requirements and industry best practices.

Cybersecurity and Information security

Given the increasing sophistication of cyber threats, AFI has implemented a robust cybersecurity framework under the management of the Chief Information and Digital Officer. The framework is designed to mitigate risks associated with cyberattacks, data breaches and other technological vulnerabilities, ensuring business continuity and protecting stakeholder interests.



AFI Park 1, Bucharest, Romania

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Key elements of the Company’s cybersecurity strategy include:

1. Cybersecurity risk management – Periodic risk assessments conducted by external consultants form the basis of AFI’s annual information systems work plan. These assessments evaluate potential vulnerabilities, refine response strategies and guide investments in cybersecurity measures.

2. Incident response plan – A comprehensive cyberattack response plan, approved by the board of directors, outlines procedures for addressing and mitigating security incidents. This plan includes data backup systems to ensure recovery capabilities in the event of a cyberattack.

3. Advanced protective measures – AFI employs state-of-the-art technologies, including:

- Data encryption to safeguard sensitive information.
- Monitoring systems to detect and address anomalies in real-time.
- Security controls for computing systems and databases.
- Penetration testing to identify and address vulnerabilities.

Governance and Supervision

AFI’s Board of Directors plays an active role in supervising the Company’s information security practices. The annual work plan for information systems, including cybersecurity initiatives, is reviewed and evaluated to ensure alignment with strategic objectives and risk management priorities.

In 2023, AFI enhanced its information security infrastructure by collaborating with external cybersecurity firms to monitor systems, update protocols and conduct penetration tests. Internal audits have consistently validated the effectiveness of the Company’s protective measures, although AFI acknowledges that no system can completely eliminate the risk of cyberattacks given the rapid evolution of technology.

Commitment to continuous improvement

AFI is dedicated to strengthening its privacy and information security frameworks through ongoing investments in technology, employee training and process optimization. By maintaining rigorous standards and adapting to emerging threats, the Company ensures that its operations remain resilient, ethical and aligned with its ESG commitments.



AFI Park Timisoara, Timisoara, Romania

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

Executive Compensation

In alignment with AFI's commitment to transparency and equitable Governance, the Company implemented a comprehensive remuneration policy in 2023, designed to ensure fair and responsible compensation for its directors and management. This policy was developed collaboratively by AFI's management and external compensation consultants, incorporating global best practices and tailored to the Company's strategic objectives. The policy was subsequently approved by AFI's Audit Committee, Board of Directors and Shareholders' Meeting.

Principles of the remuneration policy

The remuneration policy establishes clear guidelines for aligning management compensation with the Company's performance and strategic goals. It includes:

- **Performance-driven incentives** – The policy links compensation to both individual and organizational performance, emphasizing long-term value creation and alignment with AFI's risk management strategy.
- **Balanced structure** – To promote accountability, the variable component of compensation, influenced by business results, carries a greater weight at higher levels of management, striking a balance between managerial responsibility and risk appetite.

Governance and Supervision

The remuneration policy is subject to periodic review to ensure alignment with evolving market conditions, regulatory requirements and AFI's strategic objectives.

2023 Compensation highlights

On March 19, 2024, the Board of Directors, following the recommendation of the Compensation Committee, approved annual bonuses for several senior officers, including the CEO, under the framework of the 2023 bonus plan. These bonuses were awarded in recognition of their contributions to achieving key organizational milestones while adhering to the principles of the remuneration policy.

Through its structured and performance-oriented approach to executive compensation, AFI demonstrates its commitment to fostering a culture of accountability, fairness and sustainable growth.



Sky Line, Belgrade, Serbia

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

About AFI's ESG Report

This ESG Report represents AFI Properties Ltd.'s inaugural sustainability disclosure, covering the Company's policies, activities and impacts for the reporting period of January 1, 2023, to December 31, 2023. The document provides a comprehensive overview of AFI's environmental, social and Governance (ESG) performance, aligning with the Company's strategic commitment to sustainable growth and transparency.

The report is structured to detail AFI's ESG initiatives, policies and Governance mechanisms, as well as the metrics and targets established to guide and evaluate progress. Each section highlights the Company's achievements, challenges and strategies for advancing ESG performance in 2023, supported by qualitative and quantitative data.

Scope of the Report

The environmental data presented in this report includes operational consumption within AFI's direct control, encompassing

common areas of properties post-lease agreements with tenants. Excluded from the scope are pre-operational consumption and electricity supplied directly to tenants.

Geographically, the report encompasses AFI Properties Ltd.'s operations across Israel, Romania, Czech Republic, Poland, Serbia, Bulgaria and Latvia, unless explicitly stated otherwise.

This ESG Report has been prepared with reference to globally recognized standards, including the Global Reporting Initiative (GRI) Standards and the GRESB framework. It is designed to meet the expectations of leading ESG rating agencies and align with industry best practices, ensuring accountability and fostering trust among stakeholders.

Feedback and Inquiries

AFI values stakeholder engagement and welcomes feedback or questions related to this report or the Company's broader ESG strategy.

This report **underscores AFI's commitment** to sustainability and its role in creating long-term value for stakeholders, communities and the environment

Please direct inquiries to: **Roey Graif** | Group Operations Manager | RoeyG@afi.global

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

ESG Data Tables

Environmental

	Unit	2021	2022	2023
General				
Property Area	Square meters	1,115,094	1,160,743	1,283,301
Fuels				
Diesel	liter	52,426	56,600	49,275
Gasoline	liter	70,353	69,501	65,743
Natural gas	Kwh	22,160,704	17,771,941	19,863,263
Electricity				
Non-renewable	kwh	52,681,491	49,337,013	53,733,997
Renewable	kwh	32,746,246	36,699,325	37,031,720
Total electricity consumption	kwh	85,427,738	86,036,339	90,765,717
Renewable share	%	38.3%	42.7%	40.8%
Electricity Intensity	kwh/square meter	76.6	74.1	70.7
GHG Emissions				
Scope 1	kg co ₂ e	4,813,687	3,901,895	4,287,391
Scope 2 - Location	kg co ₂ e	41,812,793	43,923,052	42,735,594
Scope 2 - Market based	kg co ₂ e	25,987,036	24,458,827	22,773,998
Total GHG - Location	kg co ₂ e	46,626,480	47,824,947	47,022,985
Total GHG - Market based	kg co ₂ e	30,800,724	28,360,721	27,061,389
Total GHG - Intensity - Location based	kg co ₂ e/square meter	42	41	37
Total GHG Intensity - Market based	kg co ₂ e/square meter	27.6	24.4	21.1
Water				
Water Consumption	m³	262,784	308,738	339,016
Water Consumption Intensity	m³/square meter	0.341	0.378	0.361

[Introduction](#)
[2023 ESG Highlights](#)
[About AFI](#)
[Environment](#)
[Social](#)
[Corporate Governance](#)
[GRI index](#)

Social



Employee	Unit	2021	2022	2023
AFI's employee	#	261	275	354
By managerial positions				
Senior management	#	19	21	22
women	#	6	7	8
men	#	13	14	14
Middle management	#	35	37	42
women	#	13	15	17
men	#	22	22	25
First-level management	#	24	25	31
women	#	13	14	18
men	#	11	11	13
All other employees		183	192	259
women	#	96	96	139
men	#	87	96	120
Employees by age				
Under 30	#	17	21	32
30-50	#	181	193	242
Over 50	#	63	61	80
Employees by gender				
women	49%	48%	51%	
men	51%	52%	49%	
Training and Development				
Average training hours		1.26	2.3	3.9

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



AFI Złota, Warsaw, Poland

GRI index

GRI 1: Foundation 2021		
Disclosure	Description	Chapter
GRI 2: General Disclosures 2021		
2-1	Organizational details	<ul style="list-style-type: none">● Company profile● About AFI
2-2	Entities included in the organization’s sustainability reporting	<ul style="list-style-type: none">● About AFI’s ESG report
2-3	Reporting period, frequency and contact point	<ul style="list-style-type: none">● About AFI’s ESG report
2-4	Restatements of information	Not relevant
2-5	External assurance	Not relevant
2-6	Activities, value chain and other business relationships	<ul style="list-style-type: none">● Stakeholder engagement● AFI's value chain● Business ethics
2-7	Employees	<ul style="list-style-type: none">● Human capital● Employee welfare● ESG data tables
2-9	Governance structure and composition	<ul style="list-style-type: none">● Board of directors
2-10	Nomination and selection of the highest governance body	<ul style="list-style-type: none">● Composition and structure
2-11	Chair of the highest governance body	<ul style="list-style-type: none">● Board of directors
2-12	Role of the highest governance body in overseeing the management of impacts	<ul style="list-style-type: none">● Committees of the Board● Governance supervision
2-13	Delegation of responsibility for managing impacts	<ul style="list-style-type: none">● Compliance assessment● Internal compliance program● Governance supervision
2-14	Role of the highest governance body in sustainability reporting	<ul style="list-style-type: none">● Material topics for reporting
2-15	Conflicts of interest	<ul style="list-style-type: none">● Code of Conduct● Business ethics
2-16	Communication of critical concerns	<ul style="list-style-type: none">● Committees of the Board

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

2-19	Remuneration policies	<ul style="list-style-type: none"> ● Executive compensation ● Principles of the remuneration policy
2-20	Process to determine remuneration	<ul style="list-style-type: none"> ● Executive Compensation
2-22	Statement on sustainable development strategy	<ul style="list-style-type: none"> ● AFI's commitment to the SDGs
2-23	Policy commitments	<ul style="list-style-type: none"> ● AFI's core values ● Code of Conduct
2-24	Embedding policy commitments	<ul style="list-style-type: none"> ● Core ethical principles
2-25	Processes to remediate negative impacts	<ul style="list-style-type: none"> ● Environmental assessments and land development
2-26	Mechanisms for seeking advice and raising concerns	<ul style="list-style-type: none"> ● Equal opportunity ● Customer complaint mechanism
2-27	Compliance with laws and regulations	<ul style="list-style-type: none"> ● Compliance assessment ● Internal compliance program
2-29	Approach to stakeholder engagement	<ul style="list-style-type: none"> ● Stakeholder engagement ● Collaboration with stakeholders
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	<ul style="list-style-type: none"> ● Material topics for reporting
3-2	List of material topics	<ul style="list-style-type: none"> ● Material topics for reporting
GRI 205: Anti-corruption 2016		
3-3	Management of material topics	<ul style="list-style-type: none"> ● Business ethics
205-2	Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> ● Commitment to ethical practices ● Core ethical principles
205-3	Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> ● Zero-tolerance policy on unethical conduct
GRI 302: Energy 2016		
3-3	Management of material topics	<ul style="list-style-type: none"> ● Climate change
302-4	Reduction of energy consumption	<ul style="list-style-type: none"> ● Energy-efficient technologies and design ● Energy efficiency and renewable energy integration

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

GRI 303: Water and Effluents 2018		
3-3	Management of material topics	● Water use and wastewater management
303-1	Interactions with water as a shared resource	● Water use and wastewater management
303-2	Management of water discharge-related impacts	● On-site wastewater treatment
303-5	Water consumption	● Water consumption, ESG data tables
GRI 305: Emissions 2016		
3-3	Management of material topics	● Climate change
305-1	Direct (Scope 1) GHG emissions	● Greenhouse gas emissions ● ESG data tables
305-2	Energy indirect (Scope 2) GHG emissions	● Greenhouse gas emissions ● ESG data tables
305-4	GHG emissions intensity	● Greenhouse gas emissions ● ESG data tables
305-5	Reduction of GHG emissions	● Energy efficiency and renewable energy integration ● Greenhouse gas emissions
GRI 306: Waste 2020		
3-3	Management of material topics	● Waste management and recycling procedures
306-2	Management of significant waste-related impacts	● Waste management in building operations
GRI 308: Supplier Environmental Assessment 2016		
3-3	Management of material topics	● Responsible supply chain
308-2	Negative environmental impacts in the supply chain and actions taken	● Responsible supply chain
GRI 401: Employment 2016		
3-3	Management of material topics	● Human capital
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	● Employee welfare

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index

GRI 403: Occupational Health and Safety 2018

3-3	Management of material topics	● Occupational health and safety
403-1	Occupational health and safety management system	● Key elements of AFI's occupational health and safety framework
403-2	Hazard identification, risk assessment, and incident investigation	● Key elements of AFI's occupational health and safety framework
403-3	Occupational health services	● Promoting employee well-being
403-4	Worker participation, consultation, and communication on occupational health and safety	● Key elements of AFI's occupational health and safety framework ● Promoting employee well-being
403-5	Worker training on occupational health and safety	● Key elements of AFI's occupational health and safety framework
403-6	Promotion of worker health	● Promoting employee well-being
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	● Key elements of AFI's occupational health and safety framework
403-9	Work-related injuries	● Key elements of AFI's occupational health and safety framework

GRI 404: Training and Education 2016

3-3	Management of material topics	● Employee development and engagement
404-1	Average hours of training per year per employee	● Employee development and engagement ● ESG data tables
404-2	Programs for upgrading employee skills and transition assistance programs	● Employee development and engagement
404-3	Percentage of employees receiving regular performance and career development reviews	● Employee development and engagement

GRI 405: Diversity and Equal Opportunity 2016

3-3	Management of material topics	● Diversity and inclusion ● Equal opportunity ● Fair and equitable compensation
405-1	Diversity of governance bodies and employees	● Diversity and inclusion ● ESG data tables

[Introduction](#)
[2023 ESG Highlights](#)
[About AFI](#)
[Environment](#)
[Social](#)
[Corporate Governance](#)
[GRI index](#)

GRI 406: Non-discrimination 2016		
3-3	Management of material topics	● Equal opportunity
406-1	Incidents of discrimination and corrective actions taken	● Equal opportunity
GRI 413: Local Communities 2016		
3-3	Management of material topics	● Community contributions and corporate responsibility
413-1	Operations with local community engagement, impact assessments, and development programs	● Tenant and employee involvement
GRI 416: Customer Health and Safety 2016		
3-3	Management of material topics	● Customers health and safety
416-1	Assessment of the health and safety impacts of product and service categories	● Safety management framework
GRI 418: Customer Privacy 2016		
3-3	Management of material topics	● Privacy protection and cybersecurity
Green Building Certification		
3-3	Management of material topics	● Sustainable building
Climate Adaptation		
3-3	Management of material topics	● Building resilience and adaptation to climate change
Corporate Governance & Ethical Business Conduct		
3-3	Management of material topics	● Business ethics
Risk Management		
3-3	Management of material topics	● Risk management
Transparency & Stakeholder Dialogue		
3-3	Management of material topics	● Stakeholder engagement

Introduction

2023 ESG Highlights

About AFI

Environment

Social

Corporate Governance

GRI index



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