

# SFDR Article 9 (Sub-)Funds – Website Disclosures

## Sections based on Articles 23 and 37 to 49 [SFDR Delegated Regulation \(EU\) 2022/1288](#)

Full name of the Article 9 (sub-) fund:  
Asia Green S.A. SIF-SICAV – Real Estate Fund

Legal entity identifier: N/A

Date of review: 20.12.2022

## 1. Summary

Real estate across different sectors is responsible for the estimated 40% of energy consumption and 36% of carbon emissions. Based on it, sustainability in real estate or green buildings can play a critical role in mitigation of the climate change.

Major investment objective of the Real Estate Fund (the “REF” or the “Sub-Fund”), the Sub-Fund of Asia Green S.A. SIF-SICAV (the “Fund”), is to invest in sustainable real estate projects in Asia. Environmental sustainability in real estate implies less embodied energy in construction materials, reduced water consumption, increased energy efficiency and reduction of waste produced by the building, which ultimately translates in reduced green-house-gas-emissions (“GHG-emissions”) and improved comfort and wellbeing for the end users of the properties. While pursuing sustainable investment as its objective within the meaning of Article 9 SFDR, the Sub-Fund’s Property Investments contribute substantially to climate change mitigation and do no significant harm to the other environmental objectives laid down in Article 9 of the EU Taxonomy Regulation.

Attainment of the sustainability investment objective is guided and ensured by the ESG Policies and the ESG Strategy of Asia Green Real Estate AG, the Investment Manager of the Fund.

Achievement of environmental sustainability objectives is ensured by the sustainability measures defined by the dedicated team of sustainability professionals, internal Green Building Team of the Investment Manager. These measures are consistently implemented in all phases of the investment project life cycle – during the planning, construction, and operational phases. As a result, real estate assets in REF’s portfolio demonstrate substantial improvements across major resource categories – savings in energy, water and energy embodied in construction materials and generation of waste. Effectiveness of the ESG Strategy implementation is confirmed on a yearly basis by the external Global Real Estate Sustainability Benchmark (the «GRESB») assessments and by the green building certification Excellence in Design for Greater Efficiencies (the “EDGE”) of the IFC World Bank Group.

GRESB assessment is the most comprehensive real estate index globally and major external benchmark assessment for projects in the REF’s portfolio. GRESB assessment allows for peer benchmarking of ESG performance and management for property companies and real estate funds around the world. For this purpose, GRESB annually defines peer groups in accordance with geographic location of the asset, type of the real estate asset, total gross floor area (GFA) and type of the company. ESG data for the GRESB assessment is collected at the individual asset level by members of the Green Building Team throughout the year and self-reported to GRESB between on the following year in order to be used to benchmark real estate projects against both absolute standards and the industry peers. The latest GRESB-assessment demonstrates that REF’s portfolio scores above the overall participant’s average. REF was recognized by GRESB as Regional Sector Leader in 2020 and has further improved its scores in 2021 and 2022 assessments. Additionally, REF was awarded the Green Star label, showing consistency across all assessment aspects.

Green building EDGE certification is an external confirmation that the project demonstrates at least 20 percent better performance across three resource categories – savings in energy, water and energy embodied in construction materials. EDGE compares the project to the same type of real estate asset located in the same geographical region. EDGE certification implies that the project’s ESG performance is at least 20% better than the comparable projects for savings on energy, water, and embedded energy in the construction materials. 61% of the assets in REF’s portfolio as measured by REF’s NAV have obtained EDGE green building certification.

Apart from that, the Investment Manager maintains an in-house proprietary sustainability tool, EcoTool. All real estate assets are subject to EcoTool assessment at the initial stage of the investment process. Assessments are conducted by the Green Building Team. The result of the assessment at the initial stage of the investment process is a concrete improvement proposal at the level of the individual asset containing ESG measures that shall be implemented in order to ensure attainment of the sustainable investment objective.

Social aspects of the investment projects are addressed in the Social Policy, according to which the Investment Manager, and its local joint-venture partners, commit to invest in projects, which serve the local community and take into consideration the socio-economic impact on stakeholders in both the construction and operational phases of the building. At the same time, Investment Manager strives to conduct all business affairs in accordance with the highest standards of the business ethics and acts as a socially responsible company and a good corporate citizen.

Investment Manager is committed to adhering to the highest corporate governance standards in all locations where it operates. The organization and management of the Investment Manager is governed by the policies and procedures established in accordance with the Swiss and international corporate governance requirements and stipulated in the major corporate governance documents, which include Articles of Association, Investment Guidelines, the Code of Conduct and Governance Policy. The latter is applicable to all operational entities of the Investment Manager and their ventures.

The Investment Manager maintains the Human Rights Policy, which stipulates the essential elements pertaining to the commitment of the Investment Manager to meet its responsibility to respect and promote international human rights.

The matters of dealing with counterparties, which undertakings are deemed unethical, harmful to society, or in breach of laws or regulations are laid down in the Exclusion Policy. Investment Manager has taken necessary steps to define objective criteria and processes in order to ensure exclusion of cooperation with such counterparties at any stage of the investment project.

In line with the sustainable investment objective of the REF, the Investment Manager is a PRI signatory and has committed to follow the United Nations Sustainable Development Goals and the PRI Montréal Pledge. Furthermore, the Investment Manager is committed to contribute to the goals of the Paris Agreement and to achieving net zero carbon emissions by 2050.

## 2. No significant harm to the sustainable investment objective

Major investment objective of the REF is to invest in sustainable real estate projects in Asia. Environmental sustainability in real estate implies less embodied energy in construction materials, reduced water consumption, increased energy efficiency and reduction of waste produced by the building, which ultimately translates into reduced GHG-emissions and improved comfort and wellbeing for the end users of the properties. While contributing substantially to the environmental objective of climate change mitigation, the following measures are taken in order to not cause significant harm on other environmental objectives:

1. Enhanced environmental, social and governance (ESG) due diligence for new acquisitions.
2. Ongoing monitoring of implementation of ESG characteristics during the construction phase in order to ensure obtainment of the external green building certifications.

Within the operational phase, the following methods are being utilised in all investment projects in REF's portfolio:

1. Water recycling
2. Use of renewable energy
3. Waste separation
4. Reduction of construction waste
5. Alignment of Property Investments with the Investment Manager's Social Policy as described in detail below in section "Investment Strategy"

Due to the fact that 100% of the REF's assets are real estate projects, the PAI indicators as defined in Table 1 and PAI indicators applicable specifically to investments in real estate assets from Table 2 of Annex I of the SFDR RTS are being taken into account in order to ensure that no significant harm is done to the other environmental objectives.

The following PAI indicators are monitored and evaluated at the asset level on a continuous basis:

Table 1 Climate and other Environment-Related indicators		
Adverse sustainability indicator		Metric
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	Carbon footprint	Carbon footprint

	GHG intensity of investee companies	GHG intensity of investee companies
	Share of non-renewable energy consumption and production	<ul style="list-style-type: none"> <li>▪ Total energy consumption</li> <li>▪ Total energy consumption from renewable sources</li> <li>▪ Share of non-renewable energy consumption</li> </ul>
<b>Waste</b>	Hazardous waste and radioactive waste ratio	<ul style="list-style-type: none"> <li>▪ Hazardous waste per million EUR invested</li> <li>▪ Radioactive waste per million EUR invested</li> </ul>

**Table 1- Indicators for Social and Employee, Respect for Human Rights, Anti-Corruption, and Anti-Bribery Matters**

<b>Social and employee matters</b>	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	Board gender diversity	Average ratio of female to male board members

**Indicators applicable to investments in real estate assets**

<b>Fossil fuels</b>	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels
<b>Energy efficiency</b>	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets

**Table 2 Additional climate and other environment-related indicators**

<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors (qualitative or quantitative)</b>	<b>Metric</b>
<b>Emissions</b>	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

<b>Energy performance</b>	Breakdown of energy consumption by type of non-renewable sources of energy	<ul style="list-style-type: none"> <li>▪ Portion of renewable electricity out of the total renewable energy consumed;</li> <li>▪ Portion of renewable fuels out of the total renewable energy consumed;</li> <li>▪ Portion of renewable district heating &amp; cooling out of the total energy consumed;</li> <li>▪ Total electricity consumption</li> <li>▪ Total fuel(s) consumption</li> <li>▪ Total of district heating &amp; cooling consumption;</li> <li>▪ Share of electricity consumption from non- renewable sources;</li> <li>▪ Shares fuel(s) consumption from non-renewable sources;</li> <li>▪ Shares of district heating &amp; cooling from non-renewable sources</li> </ul>
<b>Water, waste and material emissions</b>	Investments in companies without water management policies	Share of investments in investee companies without water management policies
	Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average
<b>Indicators applicable to investments in real estate assets</b>		
<b>Greenhouse gas emissions</b>	GHG emissions	Scope 1 GHG emissions generated by real estate assets
		Scope 2 GHG emissions generated by real estate assets
		Scope 3 GHG emissions generated by real estate assets
		Total GHG emissions generated by real estate assets
	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter

	Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
	Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations
	Land artificialisation	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets

Given the fact that REF is an investment vehicle with no employees, the PAI indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters as defined in Table 3 of Annex I of the SFDR apply directly to the Investment Manager and its group companies, however indirectly they are also applicable to all ventures and joint-ventures of the REF as a Sub-Fund of Asia Green S.A. SIF-SICAV, managed by the Investment Manager.

**Table 3 Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

<b>Adverse sustainability impact</b>	<b>Adverse impact on sustainability factors (qualitative or quantitative)</b>	<b>Metric</b>
<b>Indicators applicable to the Company</b>		
<b>Social and employee matters</b>	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)

	Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers
	Incidents of discrimination	<ol style="list-style-type: none"> <li>1. Number of incidents of discrimination reported in investee companies expressed as a weighted average</li> <li>2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average</li> </ol>
<b>Human Rights</b>	Lack of a human rights policy	Share of investments in entities without a human rights policy
	Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts
	Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
<b>Anti-corruption and anti-bribery</b>	Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption

Alignment of the REF's sustainable investment objective with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights is ensured by the Human Rights Policy (the "Policy"), which is in place at the level of Asia Green Real Estate AG (the "Investment Manager"). The Policy is applicable to all companies within Asia Green Real Estate group including ventures of the REF, which is managed by the Investment Manager. The Policy is available upon request sent to the following email address [compliance@asiagreen.com](mailto:compliance@asiagreen.com).



### **3. Sustainable investment objective of the financial product**

Real estate across different sectors is responsible for the estimated 40% of energy consumption and 36% of carbon emissions. Given this, sustainable real estate or green buildings play a critical role in mitigation of the climate change. REF is committed to contribute to the goals of the Paris Agreement and to achieving net zero carbon emissions by 2050.

The overall investment objective of the REF is to provide capital appreciation along with regular income as well as medium to long term growth in the value of the REF's assets by investing in property investments, and in particular, in sustainable real estate in Asia.

Environmental sustainability in real estate implies less embodied energy in construction materials, reduced water consumption, increased energy efficiency and reduction of waste produced by building, which ultimately translates into reduced carbon emissions and improved comfort and wellbeing for the end-users of the properties. In order to achieve this target, environmental sustainability measures are being implemented in planning, construction and operational phases of the buildings in the REF's portfolio. As a result, real estate assets in the portfolio of the REF demonstrate substantial contribution to the climate change mitigation. The results are confirmed on a yearly basis by the external Global Real Estate Sustainability Benchmark (GRESB) assessments and by the green building label granted by the Excellence in Design for Greater Efficiencies (EDGE) of the IFC World Bank Group.

The primary geographical focus is on Asia, in particular on the key Asian cities.

## 4. Investment strategy

The REF's primary aim is to invest in sustainable real estate projects in Asia. In this context, the ESG-characteristics are an integral part of the investment process of the REF as defined in further detail in the "[Green Building and ESG Strategy](#)". The ESG-Investment Strategy defines the investment goal and the approach in achieving this goal. It also specifies how these goals are measured and communicated to the stakeholders. The ESG-Investment Strategy also outlines the relevant sustainability risks and how these are mitigated in course of the investment process.

In order to ensure attainment of the sustainable investment objective by means of the defined investment strategy, the Investment Manager deploys a set of policies, ESG Policies, which regulate procedures aimed at achievement of the ESG targets across areas such as climate change, natural resource use, health and well-being, labour standards, diversity and community development.

Development and implementation of the ESG strategy is ensured by the established in-house Green Building Team, whose responsibilities include:

1. performance of internal sustainability assessments by means of the in-house proprietary sustainability tool, EcoTool
2. revision and regular update of the EcoTool
3. commitment to certify, where possible, all new projects with IFC's EDGE Green Building certification
4. implementation of ESG-Investment Strategy throughout the project lifecycle, i.e. during due diligence, in acquisition or development, construction and operational phases
5. transparent communication of the results on implementation of the ESG-Investment Strategy to major stakeholders (investors, tenants, business partners and employees)
6. regular knowledge sharing with the internal stakeholders via trainings and webinars.

ESG-Investment Strategy requires all projects to be certified with local and international green building labels. Based on it, initial assessment of the local ESG regulatory requirements is an integral part of each investment process. Planning framework aimed at mitigation of environmental, health and safety issues, assessment of land usage, quality of the construction materials as well as potential socio-economic impact on the surrounding communities is part of the due diligence phase of the investment process. The outcome of the assessment conducted by the Green Building Team is a proposal consisting of a set of measures aimed at improvement of ESG-characteristics of the project. The defined measures are implemented in the planning, construction / acquisition / refurbishment, and operational phases of the investment project. The detailed implementation process is outlined in the "Green Building and ESG Strategy" available at <https://www.asiagreen.com/en/esg>.

The matters of dealing with counterparties, which undertakings are deemed unethical, harmful to society, or in breach of laws or regulations are addressed in the Exclusion Policy. Investment Manager has taken necessary steps to define objective criteria and processes in order to ensure exclusion of cooperation with such counterparties at any stage of the investment project. Should these criteria not be met, this shall lead to withdrawal from the current or forfeit from the future business enterprises.

Social aspects of the investment projects are addressed in the Social Policy, according to which the Investment Manager, and its local joint-venture partners, commit to invest in projects, which serve the local community and take into consideration the socio-economic impact on stakeholders in both the construction and operational phases of the building. Adherence to these commitments is ensured by the following steps:

1. Strict compliance with the local government masterplan for infrastructure (schools, roads, playgrounds, and overall community interest) and if necessary, organisation of counselling sessions with the community surrounding a project to accommodate concerns during and after the construction phase.
2. Conduction of trainings for the tenants and business partners on behaviour in case of emergency (drills in case of earth quake, fire, and evacuation procedures) and designation of the local person responsible in case of emergency situation.
3. Conduction of programs to mitigate the risk of activities negatively impacting comfort and environment (waste, noise, and traffic management) aimed at improvement of health and well-being of the surrounding community.
4. Offering local employment opportunities in order to ensure that the community benefits financially from the development of the project.
5. Supporting local charity initiatives and assessments of the community needs (e.g. refurbishment of impacted houses, building of neighbourhood school).

At the same time, Investment Manager strives to conduct all business affairs in accordance with the highest standards of the business ethics and acts as a socially responsible company and a good corporate citizen. It actively invests in well-being and development of its employees and continuously fosters the culture of openness, accountability, and professionalism. More details to the principles and processes are available in the Code of Conduct and the Human Rights Policy.

Investment Manager is committed to adhering to the highest corporate governance standards in all locations where it operates. The organization and management of the Investment Manager is governed by the policies and procedures established in accordance with the Swiss and international corporate governance requirements and stipulated in the major corporate governance documents which include Articles of Association, the Organizational and Operational Regulations, Authorization Regulations, Regulations of the Investment Committee, Investment Guidelines, the Code of Conduct and Governance Policy.

## 5. Proportion of investments

100% of the assets in the portfolio of the REF are allocated to investments in real estate. Investment projects in the portfolio of the REF are 100% sustainable, whereby 100% of the investments have a social objective and 61% qualify as environmentally sustainable under EU Taxonomy.

## 6. Monitoring of the sustainable investment objective

In each of its investment locations the Investment Manager designated several sustainability professionals, who together form the Green Building Team. The metrics-driven approach to monitoring of attainment of the sustainable investment objective is applied to each of the investment projects in REF’s investment portfolio. In cooperation with the local development partners, Investment Manager developed ESG parameters that are applied by the Green Building Team in order to ensure effective monitoring of the attainment of sustainable objective throughout the project lifecycle, i.e. starting from due diligence, planning and beginning of construction / acquisition of the asset, to operational phase and until the exit is completed.

Measurement of the attainment of the sustainability objective is ensured via the in-house proprietary sustainability tool, the EcoTool. Furthermore, all real estate assets are externally assessed and if applicable granted EDGE certificate, which is green building certification of the IFC, a member of the World Bank Group. EDGE certification is a confirmation by an external service provider that REF’s buildings demonstrate minimum 20 percent better performance across three resource categories – savings in energy, water and energy embodied in construction materials. Additional external green building standards, such as LEED, WELL and DGNB, China Green Star and GreenShip used only in the local markets (China, Singapore, and Indonesia), are utilised to assess individual ESG characteristics of the buildings. The assessments are performed either at the design and construction stage or in the operational phase of a building.

GRESB real estate assessment is the most comprehensive and major external assessment of projects in the REF’s investment portfolio. GRESB assessment is conducted annually and captures information regarding ESG performance at an individual asset and at the portfolio level. In order to ensure implementation of the sustainability objective, collection of the data pertaining to the specific ESG parameters is conducted throughout the whole year in cooperation with the local partners. Periodical meetings of the members of the Green Building Team are conducted in order to ensure continuous progress towards attainment of the sustainability objective and alignment of the involved stakeholders.

The primarily social aspect of implementation of green building standards in REF’s properties pertains to effective implementation of measures facilitating continuous improvement of human health and well-being inside the buildings and therefore provision of the sustainable living standards for the end-users.

GHG	
GHG Emissions	Asia Green monitors GHG emissions of Scope 1, 2 and 3 through the actual electricity and fossil fuel consumption at the asset level.
Carbon footprint	As a signatory of the Montreal Carbon Pledge, Asia Green measures the carbon footprint of its standing assets. The relative savings are calculated based on the results of the EDGE certifications. EDGE compares the project to the same type of projects located in the same geographical region. EDGE certification is granted to an assessed project in case it gets a

	<p>score of minimum 20% for savings on energy, water and embedded energy in the construction materials, which implies that the project performs 20% better than the comparable projects.</p> <p>At the same time it needs to be noted, that at this point individual carbon footprint of the stakeholders, such as employees of the Investment Manager, business partners and contractors for other matters such as for instance transportation, is not considered.</p>
Share of non-renewable energy consumption and production	In most of the assets, electricity consumption is taken from the electricity grid. The percentage of the non-renewable energy portion of the grid's generation may vary depending on location of the asset.
<b>Biodiversity</b>	
Activities negatively affecting biodiversity-sensitive areas	Biodiversity issues are regulated by the local legislation and captured through the requirement to obtain Environmental Permit applied from the planning to implementation and imposing a monitoring framework that assesses potential risks for land and aquatic biota as well as the diversity of vegetation. Furthermore, potential impact on biodiversity is being monitored through the city zoning codes and land use regulations according to which development can only be conducted in a non-environmental protected areas.
<b>Water</b>	
Emissions to water	Emissions to water are monitored through the following sustainability parameters: water recycle, rain water harvesting, efficient indoor and outdoor water consumption (automated irrigation system, reclaimed/treated waste water, storm water and foundation drain water), water savings measures and water savings awareness. Emissions to water are monitored through periodical water quality testing to ensure that the water quality meets the standard.
<b>Waste</b>	
Hazardous waste and radioactive waste ratio	<p>Asia Green monitors waste parameters through collection of the data pertaining to hazardous and non-hazardous waste from the buildings. The properties in Fund's investment portfolio do not produce industrial hazardous waste in large quantities as it is the case for example for industrial productions, since the assets in the Fund's portfolio are office and residential buildings.</p> <p>Hazardous waste such as printer cartridges and batteries are collected and sent to specialised recycling stations.</p>

<b>Fossil fuels</b>	
Exposure to fossil fuels through real estate assets	Asia Green monitors exposure to fossil fuels that is consumed at the asset level such as usage of gensets.
<b>Energy Efficiency</b>	
Exposure to energy-inefficient real estate assets	Asia Green always aims to further improve existing condition of the properties and therefore to optimize energy efficiency of its assets. The projects are subject to internal sustainability assessments, which major objective is to develop a more energy efficient properties. In order to achieve this goal the following measures can be implemented: improvements through the development of passive design, i.e. building envelope design, window wall ratio, natural ventilation, shading device, insulation, reflective paint, Low E glass, active cooling and heating systems, integration of high efficient electronics (AC, heating, hot water, kitchen equipment, LED lights), of lighting controls, renewable energy installations such as solar panels, heat pumps, smart energy meters, etc.

## 7. Methodologies

The Investment Manager ensures continuous monitoring of effective attainment of the defined ESG objectives via the in-house sustainability tool, EcoTool, and by means of renowned external green building certifications, such as EDGE and GRESB.

All real estate assets are subject to sustainability assessment performed at the initial stage of the investment process by the Green Building Team via the **EcoTool**. In course of the assessment, Green Building Team develops individual ESG parameters that will be applied during construction and / or operation of the building. Periodical meetings and site visits with the project stakeholders are conducted on a regular basis in order to perform measurements and ultimately to ensure attainment of the sustainable investment objective.

Generally, internal green building assessment via the **EcoTool** covers ESG parameters of each project with major focus being on the efficient use of energy, water, construction materials, waste, health, and comfort. The result of the assessment at the initial stage of the investment process is a concrete improvement proposal containing ESG measures that shall be implemented through integrative design process, conducted together with the project partner and other stakeholders such as architectural, structural, mechanical-electrical-plumbing consultants, contractors, and vendors/suppliers in order to ensure attainment of the sustainable objective. Integration of multiple specialists ensures effective planning and implementation of the agreed-upon measures during the construction.

**EDGE certification** is an external confirmation that the buildings demonstrate at least 20 percent better performance than the comparable projects across three resource categories – savings in energy, water and energy embodied in construction materials. EDGE compares the project to the same type of real estate asset located in the same geographical region. At the initial stage of the process, EDGE auditor assesses the building and fills out the required parameters in the EDGE application along with the supporting documents that are required for validation of the input. Further, the data is verified and assessed by the Green Building Council of the EDGE. EDGE certification is granted to an assessed project in case it gets a score of minimum 20% for savings on energy, water and embedded energy in the construction materials compared to the other projects in the same category.

**GRESB assessment** allows for peer benchmarking of ESG performance and management for property companies and real estate funds around the world. For this purpose, GRESB annually defines peer groups in accordance with geographic location of the asset, type of the real estate asset, total gross floor area (GFA) and type of the company. ESG data for the GRESB assessment is collected at the individual asset level by the dedicated members of the Green Building Team throughout the year and self-reported to GRESB between April 1<sup>st</sup> and July 1<sup>st</sup> of the following year. The data is subject to a multi-layer validation process and is ultimately used to benchmark investment projects against both absolute standards and the industry peers.

**Assessment Process** in the frames of the GRESB assessment consists of the following three steps:



### Step 1: Validation

GRESB applies a robust validation process to underpin the accuracy and reliability of the output. It is based on the three-layer data-quality control process designed to ensure submission of high-quality information. The approach to validation was developed by PwC and involves third-party verification by SRI.

### Step 2: Objective Scoring

The GRESB scoring model is based on an automated system, which uses a technology platform designed for GRESB by a third party that specialises in data analysis software development. The scoring is completed without manual intervention after data input.

### Step 3: Peer benchmarking

Peer comparisons that take into account country, regional, sectoral and investment type variation provide a powerful lens through which ESG performance is benchmarked. Each participant is assigned to a peer group, based on the entity's legal structure (listed or private), property type, GFA and geographical location of the asset.

### Assessment results

In October, all assessment participants are provided with the results of their assessment and the relevant benchmarking reports.

GRESB assessment generates two benchmarks:

- The **GRESB Real Estate Benchmark**, which considers management and performance factors
- The **GRESB Development Benchmark**, which considers management and development factors

The **Management Component** measures REF's strategy and leadership; policies and processes; risk management; and its stakeholder engagement approach. It is drawn from information collected at the organizational level.

The **Performance Component** measures REF's asset portfolio performance, drawn from information collected at the asset and portfolio levels. It includes information on performance indicators, such as energy consumption, GHG emissions, water consumption and waste.

The **Development Component** measures REF's efforts to address ESG issues during a building's design, construction, and renovation phases. This component is used by the companies with completed or ongoing projects in construction (building design, site selection or construction) or under major renovation.

Each component (management, performance, and development) carries its own score, which is factored into the entity's GRESB Score and GRESB Rating.

In addition to individual results, participants receive the Portfolio Analysis Tool and the GRESB Benchmark Report. This report provides an in-depth analysis of sustainability performance, enables detailed peer group comparisons and highlights industry best practices. Given this, apart from the possibility to benchmark itself against the comparable companies in the peer group, participation in the GRESB assessment allows Investment Manager to identify concrete areas in which REF's ESG performance can be further improved.

## 8. Data sources and processing

Data points as indicated in the below table are used to attain the sustainable investment objective. The data is generated and collected at an individual project level with emphasis being on consumption of water, electricity, and generation of waste. The Green Building Team is in charge of the data collection and processing. The actual data is being collected continuously throughout the year in cooperation with various stakeholders, such as property management companies, project partners and the tenants.

The collected data represents actual consumption of the standing investments of the REF (namely, World Financial Center, Guizhou Tower, South Quarter and Verde Two East), i.e. buildings that have been in operation for at least one year period. Projects which have been in operation for less than one year and buildings which are still under construction are considered development projects (namely, Samara Suites and Newton). All of the data collected for the standing investments is actual performance data and not an estimation data. Collection of the actual data for the development projects is not feasible since they are not yet operational.

In order to ensure quality, the measurements of the building metering systems are cross-checked against utility invoices. Apart from that, the data is subject to assurance by an external third-party performance data assurance provider. The performance data assurance report validates the data quality.

<b>GHG</b>	
GHG Emissions	GHG emissions of Scope 1, 2 and 3 is collected from the actual electricity and fossil fuel consumption at an individual asset level.
<b>Water</b>	
Emissions to water	Periodical water quality testing is performed in order to ensure that the water quality meets the standard prescribed locally.
<b>Waste</b>	
Hazardous waste and radioactive waste ratio	Data pertaining to hazardous and non-hazardous waste generation is collected at an individual asset level. The data is split according to the waste type (food waste, cardboards, etc.) and represents concrete weight in kg of a certain waste type.

## 9. Limitations to methodologies and data

Primarily limitation of the assessments conducted via the proprietary EcoTool, is that these assessments are more of a qualitative rather than quantitative manner. However, it still enables the Investment Manager to assess and develop concrete actions aimed at improvement of the ESG performance of the buildings. To offset this limitation, external quantitative assessment conducted by IFC, part of the World Bank Group, in the frames of the EDGE certification are used. On the other hand, the limitation of EDGE assessments pertains to the fact that the generated savings data represents an estimation in the operational period and does not measure the actuals. However, this limitation is being addressed by the annual GRESB assessments, which requires continuous collection and reporting of the actual ESG data throughout the reporting period.

Based on the above, internal and external ESG assessments conducted and coordinated by the Green Building Team are complementary to each other and limitations of one are fully offset by the other. For this reason, limitations described above do not affect effective attainment of the REF's sustainable investment objective.

## 10. Due diligence

Sustainability assessment is always part of the due diligence process, which is the initial stage of the investment procedure, in the course of which suitability of the potential new investment project is being assessed. At this stage, the project in its existing condition is subject to the in-house EcoTool and subsequently to the external EDGE assessment.

The assessments are conducted and coordinated by the Green Building Team.

The result of the initial EcoTool assessment is a proposal comprising of a set of recommendations aimed at improvement of project's sustainability performance and includes estimation of the pertaining utility cost savings. Implementation of the proposed ESG measures shall ensure that the building is successfully granted external EDGE certification and therefore qualifies as a green building.

The Green Building Team aims for pragmatic feasible sustainability recommendations that can be implemented in cooperation with the local project partner. Initial assessment is accompanied by the follow-up assessment which is used to show improvements on the following parameters:

### Resources

- Reduction of energy consumption
- Reduction of water consumption
- Reduction of waste
- Increase of sustainable material usage

### Improvements related to health of the end-users

- Cleaner air
- Cleaner water
- Avoidance of unhealthy construction materials

### Improvements related to comfort of the end-users

- Thermal comfort
- Humidity controls
- Light controls
- Layout and landscaping

## 11. Engagement policies

REF has no specific engagement policy in place as it invests directly in real estate project companies. However, in doing so, the Investment Manager is committed to achieving the sustainable investment objective of the REF based on the ESG-Investment strategy defined in the “*Green Building and ESG Strategy*” and the related ESG Policies of the Investment Manager.

Environmental activities of the Investment Manager aimed at attainment of the sustainable investment objective imply continuous engagement with the project partners in order to ensure that the investment properties meet environmental objectives. Green Building Team conducts environmental assessments of the projects at the initial due diligence stage of the investment process, implements the ESG measures aimed at improvement of ESG performance in cooperation with the project partners, performs follow-up assessments in order to make sure that the project is awarded EDGE certification as a green building. Apart from that, Investment Manager proactively applies criteria of the Exclusion Policy, in order to ensure that no counterparties whose business activities are associated with harmful, illicit or unethical practices are part of the investment project.

Social responsibility is considered a cornerstone of the company strategy. Social commitments of the Investment Manager, which are applicable to all ventures of the REF are outlined in the Code of Conduct, Social Policy, and Human Rights Policy. The Investment Manager seeks to make a positive contribution by actively supporting the United Nations’ Social Development Goals (“UN SDGs”).

In line with the above, Investment Manager strives to conduct all business affairs in accordance with the highest business ethics standards, acting as a socially responsible company and a good corporate citizen. The REF and its business partners commit to invest in real estate, which serve the local community and take into consideration the impact on relevant stakeholders throughout the building lifecycle. Apart from that, Asia Green Real Estate actively invests in the well-being and development of its stakeholders, i.e. employees, tenants and buyers of the properties. It fosters culture of openness, accountability and professionalism and continuously improves the way it operates. In order to achieve this, the local teams of the Investment Manager continuously engage with project partners, contractors and the property management companies in order to ensure that the local laws and regulations related to construction industry and building maintenance are always adhered to and that the highest standards of business practices applied in the real estate sector are met.

As an Investment Manager accredited by the Swiss Financial Market Supervisory Authority (FINMA), Asia Green Real Estate is committed to adhering to the highest corporate governance standards. This principle is also applicable to the companies in Asia Green Real Estate group domiciled in China, Hong Kong, Singapore and Indonesia. The organization and management of Asia Green Real Estate is governed by policies and procedures established in accordance with highest corporate governance requirements. While acting independently from the operational management, risk management plays a vital role in the whole organization. By conducting continuous monitoring of the internal processes and systems and assessing