



# **Asia Green Real Estate AG**

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## **Sustainability Risk and Environmental Policy**

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## **I. Introduction**

The primary investment objective of Asia Green Real Estate AG (“Asia Green” or the “Investment Manager”) is to invest in sustainable real estate projects in Asia. By combining rigorous investment discipline with exceptional local execution capabilities, Asia Green aims to achieve solid financial performance and outstanding sustainability outcomes throughout the entire lifecycle of its buildings and portfolios. Sustainable investment objectives are one of the cornerstones of the Investment Manager’s mission and vision and an integral part of its investment processes.

Under the Sustainable Finance Disclosure Regulation (SFDR) of the European Union, "sustainability risk" refers to an environmental, social, or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. The sustainability risk and environmental policy at hand outlines the framework implemented by Asia Green to mitigate relevant sustainability risks across all stages of its investment process, in line with the sustainability strategy and environmental related objectives.

## **II. Incorporation of Sustainability**

Asia Green incorporates the sustainability strategy and environmental objectives that is implemented in all phases of the investment project life cycle – during the acquisition, planning and construction, and operational phases. The following measures are conducted by the Sustainability Team and taken in order to ensure that our investments meet the sustainable investment objectives and mitigate sustainability risks:

1. Enhanced environmental, social and governance (ESG) due diligence for new acquisitions. At this stage, the project in its existing condition is assessed with the in-house EcoTool and subsequently to the external EDGE assessment. 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.
2. Ongoing monitoring of implementation of ESG characteristics, including relevant local regulatory requirements during the planning and construction phase. These measures include the implementation of identified improvements and the obtainment of the external green building certifications such as EDGE green building certifications and other relevant local green building standards.
3. Monitoring and evaluation of the building’s sustainability and environmental performance during the operational stage, including energy use, greenhouse gas emissions, water consumption, waste management, and biodiversity.
4. Implementation of green building measures to prioritize the well-being of all building stakeholders. This includes maintaining high indoor environmental quality, using sustainable and healthy building materials to enhance comfort, health and environment quality. Additionally, assess the potential implementing decarbonization initiatives to

improve the building's resource efficiency, including the integration of renewable energy, in line with Asia Green's commitment to achieve net-zero carbon emissions for its portfolio of the investment projects by 2050

5. Implementation of climate change adaptation assessments to monitor and ensure the resilience of the buildings in the portfolio and mitigate transitional risks.

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.

### **III. Asia Green Sustainability Team**

Asia Green has a dedicated Sustainability Team who is responsible for the development and implementation of the sustainability strategy in each of the investment stage. Achievement of sustainable investment objectives is ensured by the sustainability measures implemented by the Sustainability Team under the supervision of the Managing Partner.

The Sustainability Team's responsibilities include:

- a) Implementation of the sustainability strategy throughout the project life cycle (due diligence, acquisition and/or development and operational stages of the building).
- b) Commitment to certify, where possible, all new projects with IFC's EDGE Green Building certification<sup>1</sup> as part of the company's green building strategy for its asset portfolio.
- c) Conduction of the internal sustainability assessment via the proprietary sustainability tool, EcoTool, as well as its review and regular update.
- d) Continuous monitoring of building environmental data pertaining to investment projects of Asia Green in order to ensure compliance with the relevant sustainability disclosure regulations that Asia Green is subject to, in particular with the EU Sustainable Finance Disclosure Regulation (SFDR). If necessary, suggestion of the appropriate and necessary measures to meet the regulations' requirements.

Promoting, as a preference, the procurement of healthy and sustainable materials—including those with environmental and health impact disclosures, low-VOC content, low embodied carbon, sustainable sourcing, and recycled content—while avoiding the use of toxic materials wherever possible.

- e) Conduct an ESG supply chain assessment with vendors and contractors involved in the construction and retrofit project to help ensure alignment with Asia Green's ESG commitments.
- f) To allow for benchmarking of the portfolios of Asia Green, preparation of the required

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<sup>1</sup> While IFC's EDGE focuses on quantifying energy, water and material savings, Asia Green's proprietary EcoTool assessment includes Health and Comfort dimensions.

environmental data for the annual participation in the GRESB assessment and leading reporting process, in particular for the Real Estate Fund.

- g) In line with Asia Green's commitment to achieve net-zero carbon emissions for its portfolio of the investment projects by 2050, propose suitable green building initiatives for every investment project either by specifying measures to increase the current standard, and/or specifically aimed at achievement of net-zero carbon emissions by 2050.
- h) Transparent information of the impact of our ESG strategy towards our main stakeholders (investors, JV partners, tenants and employees of Asia Green group of companies).

Regular ESG related issues knowledge sharing with all employees of Asia Green group of companies via trainings and webinars.

#### **IV. Coverage of the Policy**

The Policy applies to all employees of Asia Green Real Estate group of companies and applies to all investment projects of Asia Green S.A. SIF-SICAV (the "Fund"), managed by Asia Green. In case of any policy related issues, Asia Green is committed to working actively with the managers of these ventures and / or joint ventures to resolve the issues in the most effective manner.

#### **V. Implementation Mechanisms**

The Board of Directors of Asia Green is responsible for ensuring adherence to the above commitments and management of individual entities within Asia Green Real Estate group bears responsibility for overseeing implementation.

#### **VI. Review of the Policy**

The policy at hand is subject to annual review and, if necessary, update by the Sustainability Team of Asia Green. If no update is needed, the policy will be applied consistently over time. Where an update of the Policy is required, the formal approval of the management of Asia Green is necessary.



Juerg Syz  
Chairman of the Board of Directors



Andries Diener  
Managing Director

## Annex 1

Further, Asia Green ensures adherence to the “do no significant harm” principle by assessing the indicators for Principal Adverse Impacts (PAI) on sustainability factors. Due to the fact that 100% of the Investment Manager’s assets are real estate projects, the PAI indicators as defined in Table 1 and Table 2 are indicators applicable specifically to investments in real estate as defined by Annex I of the SFDR RTS.

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
<b>Indicators applicable to investments in real estate assets</b>		
<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**

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric
<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
<b>Energy consumption</b>	Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter
<b>Waste</b>	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

<b>Resource Consumption</b>	Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and bio sourced) compared to the total weight of building materials used in new construction and major renovations
<b>Biodiversity</b>	Land artificialization	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