



**STONEWEG**  
EUROPEAN REIT

# **Sustainability policy**

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**Stoneweg EREIT Management Pte. Ltd**

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## 1. Purpose

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The purpose of this sustainability policy ("**Policy**") is to define Stoneweg European Real Estate Investment Trust ("**SERT**") Stoneweg EREIT Management Pte. Ltd. as manager of SERT ('the **Manager**', "we", "us", "our", "it", "its")'s commitment and approach to sustainability for SERT's portfolio and within its organisation.

## 2. Scope

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This Policy follows the principles of Stoneweg's ESG and Responsible Investment Policy and applies to SERT and the Manager. This includes striving that all activities, from daily operations to long-term strategic planning, align with the environmental, social, and governance ("**ESG**") standards set forth by the Policy. By doing so, SERT and the Manager aim to promote sustainable practices, enhance social responsibility, and ensure robust governance throughout the asset's lifecycle.

Additionally, SERT and the Manager expect that SERT's property manager (part of Stoneweg) complies with the principles of this Policy in providing services to SERT pursuant to the Property and Portfolio Management Agreement (the "**PPMA**").

## 3. Policy statement and key policy provisions

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The Manager is committed to acting responsibly and proactively to continuously improve SERT's sustainability performance. The Manager recognises that resilient, ethical and socially responsible business practices underpin SERT's prosperity and success. Putting market-leading ESG practices at the core of its long-term business allows SERT to continue to fulfil its core purpose of providing Unitholders with regular and stable distributions and delivering sustainable growth in distribution per unit ("**DPU**") and net asset value ("**NAV**") per SERT unit ("**Unit**") in the long term.

This Policy describes the Manager's commitment to understand, manage, measure and communicate the impacts of its and SERTs activities and to setting out strategies to mitigate these impacts. The Manager recognises the need to protect the environment so that it can meet the needs of current and future generations. The Manager is committed to a process of continuous improvement across its business wherever they own, manage or develop properties.

The Manager operates as part of the Stoneweg Group ("**Stoneweg**"), a value-driven organisation. Stoneweg aspires to act in a principled, respectful and responsible manner, regardless of circumstance, obstacle or location. Values are a very important part of Stoneweg's work environment. They define how the teams work together and what each member can expect from each other. They include basic professional behavior and courtesy, but also values such as honesty, trustworthiness, transparency and team spirit. Stoneweg's global sustainability strategy, management framework and supporting policies are the direct result of Stoneweg's values in action.

The Manager's sustainability framework aligns with Stoneweg's approach to sustainability, ensuring that SERT remains focused on improving performance through a structured, responsible and balanced pathway to sustained success. The sustainability framework was introduced to align values with enterprise risks and corporate strategy, underpinning the development of a resilient business through strong corporate social governance. The framework continues to evolve, responding to emerging legislation and new challenges.

Under the sustainability framework, all material risks and opportunities are grouped under three main areas: Environment, Social (/Stakeholders) and Governance.

The Board provides strategic direction and is involved in the endorsement of the material matters that are relevant to SERT's business and its stakeholders. The Board also provides strategic oversight, considers climate-related risks and opportunities and reviews SERT's sustainability performance, reporting on which has been integrated into SERT's quarterly operational reports. To ensure greater accountability, the Board has established a standalone Sustainability Committee ("**Board Sustainability Committee**") chaired by a non-independent non- executive director and comprising all members of the Board. The roles and responsibilities of the Board Sustainability Committee are governed by its terms of reference as appended in Appendix 1 of this Policy.

The Manager of SERT has also established a separate sustainability committee ("**Management Sustainability Committee**"), co-chaired by Head of Property and the COO (both Key Management Personnel) and comprising dedicated officers of the Manager. The Management Sustainability Committee has been delegated specific responsibilities by the Board to guide the efforts of the Manager in identifying, setting and delivering the objectives and targets associated with material ESG topics. All members of the Management Sustainability Committee and all key management personnel of the Manager are also evaluated on specific Key Performance Indicators ("KPI") that are tied to SERT's ESG targets, providing further motivation and commitment. The operations of the Management Sustainability Committee are governed by its charter as appended in Appendix 1 of this Policy.

## 4. Commitments

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The Manager aims to demonstrate commitment to sustainability principles as follows:

- i. Commitment to collaborate with stakeholders: collaborates with their business partners and stakeholders (e.g. tenants, suppliers) to understand and promote sustainable business practices; undertakes an annual tenant engagement survey; aims to engage third-party suppliers in accordance with Stoneweg's ESG and responsible investment policy and which agrees to comply with Stoneweg's Supplier Code of Conduct.
- ii. Commitment to sustainable growth: uses its sustainability framework to set and deliver sustainability objectives across its business, including an operational net zero-carbon portfolio objective by 2040. This includes alignment with the UN Sustainable Development Goals (SDGs), particularly focusing on responsible consumption (SDG 12), climate action (SDG 13), and sustainable cities (SDG 11). The Manager will aim to integrate green building certifications and sustainable building materials into its portfolio management to enhance environmental performance.
- iii. Commitment to ensuring that material ESG risks and opportunities are built into investment process and screening during acquisitions, selection of investments and portfolio management.
- iv. Commitment to monitor the environmental performance of the assets under the management of SERT: during the hold period of the investment, identifying material exposure to economic, environmental and social sustainability risks and opportunities: aims to implement an environmental management system on property manager level. The Manager will obtain limited assurance on Scope 1, 2 and Scope 3 (material categories as determined by SERT) greenhouse gas emissions and limited assurance for Scope 3 greenhouse gas emissions where practicable, adhering to standards such as ISSA 5000 or ISO 14064-3 to ensure the accuracy and reliability of reported environmental data.
- v. Commitment to identify and manage environmental risks: implements a robust risk management framework to support business operations and identifies the material risks and opportunities arising from the impact of climate change.
- vi. Commitment to consult with stakeholders on environmental issues: engages with the stakeholders and the communities in which it operates in order to respond proactively to their concerns
- vii. Commitment to people development: invests in and develops its people to create a talented, diverse and inclusive workforce.
- viii. Commitment to contribute to the community we operate in: supports employees in contributing to the community through volunteering and workplace giving.
- ix. Commitment to comply and report regularly on environmental issues: monitors and provides regular disclosure of environmental, social, and governance performance. The Manager will aim

to enhance ESG data collection and transparency through structured reporting frameworks, leveraging technology and third-party partnerships to improve data accuracy and decision-making. Aims to meet or exceed legal compliance obligations including (1) ensuring all assets and processes comply with relevant local environmental, consumption and emissions regulations, (2) publishing an annual sustainability report in accordance with Global Reporting Index (GRI) standards as regulated by SGX-ST and (3) benchmarking and reporting SERT's property performance against the Global Real Estate Sustainability Benchmark (GRESB).

- x. Commitment to environmental protection and creating environmental awareness: aims to, amongst other factors:
- improve energy efficiency;
  - achieve sound environmental management systems or leverage suitable third-party service providers' systems as applicable;
  - prevent pollution and minimise impact to biodiversity and the natural environment;
  - improve water management
  - Improve waste management;
  - seek to reduce emissions intensity associated with property management and operations;
  - protect and ensure a safe working environment at SERT's properties
- xi. Commitment to adhering to the relevant reporting requirements. The Manager further strengthens its commitments to comply with Singapore's latest sustainability reporting requirements, including compliance with the International Sustainability Standards Board (ISSB) framework as mandated by the Singapore Exchange Regulation (SGX RegCo) for financial years commencing on or after 1 January 2025.
- xii. Commitment to SERT's Green Financing Framework. SERT is committed to promoting sustainable development and supporting its green initiatives through a dedicated green financing framework. This framework facilitates the issuance of green bonds and other financing instruments to support projects with a positive environmental impact.

## **5. Delegation of authority**

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The Board Sustainability Committee has delegated authority for ESG material topics (subject to final endorsement by the Board). The day-to-day operations and execution of SERT's sustainability strategy is further delegated by the Board Sustainability Committee to the Head of Property and the COO in their capacity as co-chairs of the Management Sustainability Committee and to the CFO in his capacity of the main owner of the Green Financing Framework.

## **Appendix 1**

### **Terms of Reference for the Sustainability Committee**

#### **1. Purpose**

The Sustainability Committee is established to provide oversight and strategic direction on sustainability matters within SERT. The Committee's role is to ensure that SERT effectively integrates sustainability principles into its operations, strategies, and decision-making processes

#### **2. Composition**

The Sustainability Committee will be co-chaired by the Head of Property and the COO (Key Management Personnel). It will include dedicated officers from the Manager, with the membership to be reviewed periodically to ensure expertise in key sustainability areas

#### **3. Responsibilities**

3.1. Strategic Guidance: Provide strategic direction and oversee the implementation of the sustainability strategy, including environmental, social, and governance (ESG) considerations.

- Policy Development: Review and update sustainability-related policies and frameworks in alignment with global standards and best practices

3.2. Target Setting: Define, monitor, and evaluate the ESG targets set for the organization and its properties

3.3. Stakeholder Engagement: Engage with stakeholders to ensure that sustainability issues are appropriately addressed

3.4. Risk Management: Identify, assess, and manage sustainability risks, ensuring they are incorporated into the overall risk management framework

3.5. Reporting and Transparency: Ensure accurate, timely, and transparent reporting of sustainability performance in accordance with relevant frameworks such as ISSB, GRI, and GRESB

3.6. Continuous Improvement: Foster a culture of continuous improvement and innovation in sustainability practices, ensuring alignment with evolving regulatory requirements and stakeholder expectations.

#### **4. Meetings**

The Committee will meet quarterly, or as required, to review performance, discuss emerging risks and opportunities, and provide direction for sustainability-related initiatives.

#### **5. Authority**

The Committee is authorised to seek any information it requires from any employee or external expert in the performance of its duties and to recommend appropriate actions to the Board Sustainability Committee.

## 6. **Reporting**

The Sustainability Committee will report to the Board Sustainability Committee Directors on its activities, progress, and any significant developments in sustainability matters.

## **References**

1. Stoneweg European REIT Sustainability Policy
2. Stoneweg European REIT Green Financing Framework
3. Stoneweg ESG and responsible investing policy
4. International Sustainability Standards Board (ISSB)
5. Global Reporting Initiative (GRI) Standards
6. Global Real Estate Sustainability Benchmark (GRESB)
7. LEED (Leadership in Energy and Environmental Design) Certification Standards
8. BREEAM (Building Research Establishment Environmental Assessment Method) Standards
9. United Nations Sustainable Development Goals (SDGs)