



# Sustainability Policy Statement

---

CROMWELL EUROPEAN REIT

---

Updated, approved by CEO / Board and in effect from 18 Feb 2022

# Sustainability

---

## 1. Purpose

---

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

## 2. Scope

---

This Policy is aligned with Cromwell Property Group’ (“**Cromwell**” or the “**Group**”) sustainability policy and applies to CEREIT and to all employees of the Manager. The Group’s sustainability policy further applies to all employees of CEREIT’s property manager (part of Cromwell).

## 3. Policy Statement

---

The Manager is committed to acting responsibly and proactively to continuously improve CEREIT’s sustainability performance. The Manager recognises that resilient, ethical and socially responsible business practices underpin CEREIT’s prosperity and success. Putting market-leading environmental, social and governance (“**ESG**”) practices at the core of its long-term business allows CEREIT 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 CEREIT unit (“**Unit**”) in the long term.

This Policy describes the Manager’s commitment to understand, manage, measure and communicate the impacts of its and CEREITs 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 Cromwell Property Group, (“**Cromwell**”), a values-driven organisation. Cromwell aspires to act in a principled, respectful and responsible manner, regardless of circumstance, obstacle or location. Cromwell’s global sustainability strategy, management framework and supporting policies are the direct result of Cromwell’s values in action.

The Manager's sustainability framework is aligned with Cromwell's approach to sustainability ensuring that CEREIT 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 CEREIT's business and its stakeholders. The Board also provides strategic oversight and reviews CEREIT's sustainability performance, reporting on which has been integrated into CEREIT's quarterly operational reports.

To ensure greater accountability, the Board has established a standalone Sustainability Committee ("**Board Sustainability Committee**") chaired initially 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 CEREIT 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 CEREIT's ESG targets, providing further motivation and commitment. The operations of the Management Sustainability Committee are governed by its charter as appended in Appendix 2 of this Policy.

## 4. Commitments

---

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

- **Commitment to collaborate with stakeholders:** works with its business partners and stakeholders to understand and promote sustainable business practices; promotes robust supply chain management practices across the business that respect and protect human right

- **Commitment to sustainable growth:** uses its sustainability framework to set and deliver sustainability objectives across its business, including a zero carbon portfolio objective by 2040.
- **Commitment to monitor the company's environmental performance:** identifies material exposure to economic, environmental and social sustainability risks and opportunities: aims to implement an environmental management system on property manager level
- **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
- **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
- **Commitment to people development:** invests in and develops its people to create a talented cognitively diverse and inclusive workforce
- **Commitment to contribute to the community we operate in:** supports employees in contributing to the community through volunteering and workplace giving
- **Commitment to comply and report regularly on environmental issues:** monitors and provides regular disclosure of environmental, social and governance performance. 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 CEREIT's property performance against the Global Real Estate Sustainability Benchmark (GRESB)
- **Commitment to environmental protection and creating environmental awareness:** aims to, amongst other factors:
  - improve energy efficiency
  - achieve sound environmental management systems aligned with ISO 14001 on property level by 2023
  - prevent pollution and minimise impact to biodiversity and the natural environment
  - reduce water consumption
  - reduce waste and emissions associated with property management and operations
  - protect and ensure safe working environment at CEREIT's properties
- **Commitment to ensuring that material ESG risks and opportunities are built into investment research and screening, selection of investments and portfolio**

**management** (including but not limited to asset management, asset enhancement initiatives, development and redevelopment, etc.)

The Manager is further committed to apply this policy to all of the Manager's workplaces and work collaboratively with the Property Manager (Cromwell Property Group) to apply this policy at all properties wholly owned or listed on CEREIT's website where this aspect is under the operational control of the manager.

## 5. Delegation of Authority

---

The Board Sustainability Committee has delegated authority for ESG material topics (subject to final endorsement by the Board) and the day-to-day operations and execution of CEREIT'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.

## Appendix 1

### Board-level Sustainability Committee Terms of Reference

---

The Board Level Sustainability Committee is a sub-committee of the Board of the Manager of CEREIT (“Board”). The terms of reference set out its objectives, authority, responsibilities, composition and operation and the responsibilities delegated to it by the Board.

#### A. Membership

- i. The Sustainability Committee should comprise a majority of independent directors with the executive director committee members not also sitting on the Management Sustainability Committee.
- ii. New Sustainability Committee members shall receive an induction covering the Sustainability Committee’s Terms of Reference and be provided with an overview of CEREIT’s sustainability framework. The appointment of each Sustainability Committee member shall be for such period as may be determined by the Board.
- iii. The Sustainability Committee members are required to keep abreast of changes in evolving requirements, expectations and issues which have an impact on CEREIT and the Manager.

#### B. Quorum

- i. The quorum of the meeting shall be five (5)] members, consisting of a majority of independent directors. A duly convened meeting of the Sustainability Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Sustainability Committee.

#### C. Secretary

- i. The Company Secretary of the Manager or such other person designated by the Sustainability Committee shall be the Secretary of the Sustainability Committee.

#### D. Attendance at Meetings

- i. Subject to paragraphs (C)(i), (D)(ii) and (I)(viii) below, no one else other than Sustainability Committee members shall be entitled to attend Sustainability Committee meetings.
- ii. The Chair of the Board, other non-Executive directors, the Chief Executive Officer (“**CEO**”), Chief Financial Officer (“**CFO**”), Chief Operations Officer (“**COO**”), representatives of

outsourced service provider, or other persons with relevant experience and expertise shall attend the meetings at the invitation of the Sustainability Committee, and provide pertinent information, as necessary.

- iii. Attendance by all Sustainability Committee members at each meeting is expected, whether in person or via tele- or videoconference.
- iv. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will also be prepared.

#### **E. Frequency and Requisition of Meetings**

- i. The Sustainability Committee shall meet at least twice a year or more frequently as circumstances require.
- ii. The Sustainability Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time, any member may summon a meeting of the members by issuing at least five (5) days' notice in writing (exclusive both of the day on which notice is served or deemed to be served and the day for which the notice is given) to each and every member. The expression "in writing" includes those in the form sent out by mail, telefax, telex, cable, electronic mail or telegram by any such member. The members may however, by unanimous consent, waive the aforesaid and allow for a shorter period of notice.

#### **F. Conduct of Meetings**

- i. The Chair of the Sustainability Committee shall preside at each meeting. If the Chair of the Sustainability Committee is not present after the time appointed for holding the meeting, the members present may choose one of their members to be Chair of the meeting.
- ii. Questions arising from any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chair shall have a second vote.
- iii. The Sustainability Committee shall have full access to and co-operation by Management and full discretion to invite any director or executive officer to attend meetings.

#### **G. Participation via Communication Equipment**

- i. The members may participate in a meeting via telephone conference or such other similar communication equipment by means of which all persons participating in the meeting can hear each other, without a member being in the physical presence of another member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

## H. Resolutions in Writing

- i. A resolution in writing signed by (a) all the members where the Sustainability Committee comprises five (5) members; or (b) a simple majority of the members where the Sustainability Committee comprises more than five (5) members and constituting a quorum shall be as effective as a resolution duly passed at the Sustainability Committee meeting and may consist of several documents in the like form, each signed by one or more members. The expression “in writing” and “signed” include approval by telefax, telex, cable, electronic mail or telegram by any such member.

## I. Authority

The Sustainability Committee is authorised by the Board to:

- i. **review at least annually** its Terms of Reference and its own effectiveness and recommend to the Board any appropriate amendments for approval;
- ii. **investigate any matter** within its Terms of Reference;
- iii. **assist the Board** in fulfilling its monitoring responsibilities by investigating any activity within its Terms of Reference;
- iv. **seek any information** that it requires from any employee of the Manager within its Terms of Reference;
- v. **have direct and unrestricted access** to the representatives of any external outsourced service provider providing advice to the REIT and Manager on issues related to sustainability;
- vi. **meet with any relevant person** of the Manager without the presence of other Management and have full access to and co-operation by Management on issues related to sustainability;
- vii. **obtain professional advice** at the Manager’s expense whenever deemed necessary on issues related to sustainability;
- viii. **invite, at its full discretion**, any director or executive officer to attend its meetings;
- ix. **agree and review its key performance metrics** with the nominating and remuneration committee (“NRC”) with respect to how it discharges its roles and responsibilities;
- x. **conduct an annual assessment of its performance** against its duties and responsibilities and provide a report of its findings to the Board;
- xi. **conduct an annual assessment of each Sustainability Committee member** with the Chair to provide a report of the findings to the NRC and the Chair of the Board;
- xii. **ensure that it has reasonable resources to enable it** to discharge its functions properly; and
- xiii. **report to the Board on material matters**, findings and recommendations.

**J. Authority**

- (i) A non-exhaustive list of the duties of the Sustainability Committee is stated below.
  - a. monitor the decisions and actions of the Management Sustainability Committee of the Manager which is co-chaired by the Head of Property and COO of the Manager and comprises dedicated executives or senior managers of the Manager as the 'owners' for each material topic under the sustainability framework adopted by the REIT;
  - b. provide strategic direction to the management sustainability committee across the sustainability material topic;
  - c. provide strategic oversight and review the REIT's sustainability performance, reporting on which has been integrated into the REIT's quarterly operational reports, in achieving the REIT's goal to be a sustainable organisation.
  
- (ii) The Sustainability Committee shall at least, annually:
  - a. recommend to the Board, the REIT's strategies, targets, policies and roadmap pertaining to sustainability to ensure that material topics relevant to the REIT's business is adequately addressed;
  - b. review the effectiveness of strategies, targets, policies and roadmaps pertaining to sustainability;
  - c. monitor the adequacy of resource allocated in achieving compliance with strategies, targets, policies and roadmaps pertaining to sustainability;
  - d. advise the Board on the REIT's risk appetite, tolerance and strategy with respect to sustainability risks, and ensuring potentially material sustainability risks are captured and considered in the REIT's risk profile;
  - e. monitor the overall management of stakeholder engagement and its outcomes, including ensuring mechanisms for sustainability-related grievances are in place; and
  - f. establish effective KPI's for material topics for respective managers and their teams to achieve actions and outcomes to address the objective.

## Appendix 2

### Management Sustainability Committee Charter

---

The Management Sustainability Committee is a committee of the Manager of CEREIT. This charter sets out its objectives, authority, responsibilities, composition and operation and the responsibilities delegated to it by the Board Sustainability Committee.

#### **Sustainability framework under which the Management Sustainability Committee operates**

Cromwell's 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.

#### **Committee Authority**

The Management Sustainability Committee is authorised to perform activities within the scope of the responsibilities set out in this charter and to make appropriate recommendations to the Board. The Committee is authorised to obtain any independent legal or other professional advice that it considers necessary to execute its function within the parameters and in accordance with CEREIT's and the Manager's Delegation of Authority matrix.

#### **Committee Composition**

The Management Sustainability Committee is co-chaired by Head of Property and COO and comprising dedicated senior executives and officers of the managers.

#### **Management Sustainability Committee Role and Responsibilities**

The Management Sustainability Committee's role is to provide advice and assistance to the Board Sustainability Committee in monitoring the decisions and actions of management in achieving CEREIT's goal to be a sustainable organisation.

The Management Sustainability Committee has been delegated specific responsibilities by the Board to identify, set and deliver the objectives and targets associated with the respective material topics. Each member is also evaluated on specific KPIs that are tied to CEREIT's ESG targets, providing further motivation and commitment.

The Committee members are responsible for, but not limited to:

- Reviewing and determining of material topics (materiality review), including but not limited to selecting participants, briefing participants where required and obtaining appropriate research to inform the selection of material topics that reflect the key major activities current and emerging to be considered;
- Participating in the preparation and review of the annual sustainability objectives;
- Prioritising the sustainability objectives, preparing actions for respective teams, and incorporating these into the annual business plans and KPIs for relevant teams;
- While some objectives may apply across the business, each Committee member will have carriage of their respective objectives and for reporting against their progress to directly or indirectly deliver the actions
- Ensuring that “binding” ESG objectives are part of the overall ESG commitments include relevant obligations around Principal Adverse Sustainability Impact (“PASI”) e.g. minimum EPC ratings, Minimum ESG safeguards, minimum sqm given over to biodiversity initiatives (green roofing etc)
- Ensuring that development process encapsulates all relevant ESG considerations
- Ensuring that transaction and investment process includes relevant ESG criteria (such as EPC min standards etc. and other relevant requirements) and that “Principal Adverse Sustainability Impact” are integrated in investment decisions
- Ensuring property asset plans include actions required to ensure compliance with local ESG regulations in the short, medium and the long term to achieve net zero carbon emissions by 2040
- Ensuring all property management agreements include specific responsibilities to collect environmental data (GHG emissions, energy, water and waste) for Scope 1, 2 and 3
- Understanding corporate risks relevant to the material matters;
- Regularly reviewing corporate risks and identifying the impacts of sustainability objectives where appropriate on risk ratings and vice versa.
- Establishing effective KPI’s for the material topics, respective managers and their teams to achieve actions and outcomes to address the objectives.
- Providing updates as needed to the Board Sustainability Committee on: progress against actions and objectives, changes to business-as-usual, external influences, changes to corporate risk management specifically timing, delivery &/or materiality that affect the sustainability plan.
- Collaborating with the Group sustainability team and relevant external departments to bring together data for key reports and benchmarks including GRESB, MSCI ESG, EPRA sBPR, Sustainability, the Annual Report, the Sustainability Report etc;

- Ensuring finance function is working with the ARC to incorporate required risk analysis and reporting under ISSB, TCFD, SGX and MAS and other governing bodies' regulations.
- Leading by example and supporting the values of the business and the Sustainability Framework;
- Reviewing applicable policies regularly and ensuring that these are applied and regularly reviewed;
- Collaborating with the Group sustainability team senior managers to facilitate adoption of the sustainability objectives across the group;
- Participating in and supporting activities to deliver communication and training strategies; and
- Engaging with teams across the Group to educate and inform on sustainability matters and activities undertaken

### **Committee Meetings**

The Management Sustainability Committee will meet four times a year and at such additional times as the committee co-chairs or any member may request. A quorum for a meeting will be a simple majority of Committee members. Other executives and external advisers may be invited by the co-chairs of the Committee to attend part or all of any meeting. The Management Sustainability Committee may ask any team member to present at committee meetings on issues relevant to the committee's duties and responsibilities. Copies of Management Sustainability Committee papers and reports, together with minutes of each Committee meeting, will be circulated to the Board as required.

### **Management Sustainability Committee Reporting Responsibilities and Implementation of Objectives**

The co-chairs of the committee or his/her nominee will report to the Board on the proceedings of the committee and make appropriate recommendations to the Board Sustainability Committee for decision on all matters pertaining to sustainability.

The Management Sustainability Committee has to ensure that CERIT disclosures meet the requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Monetary Authority of Singapore ("**MAS**") reporting requirements and is in accordance with good corporate governance practices as prescribed by the Code of Corporate Governance 2018.

- **Annual report:** the Management Sustainability Committee may recommend to the Board Sustainability Committee for approval, the relevant sections of the Corporate Governance Statement, the sustainability section and any other section that relates to sustainability
- **Sustainability report:** the Management Sustainability Committee is responsible for and may recommend to the Board for approval the annual sustainability report

- **Any other relevant reports and disclosures:** the Management Sustainability Committee is responsible for the review of any other sustainability disclosures as required

#### **Management Sustainability Committee Annual Review**

The committee will conduct an annual review of its performance and effectiveness by reference to this Charter and current best practice. This review process will include a review of the terms of this Charter. The committee must refer any recommended changes for decision by the Board Sustainability Committee.