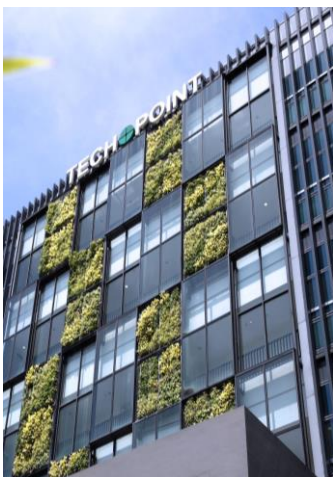
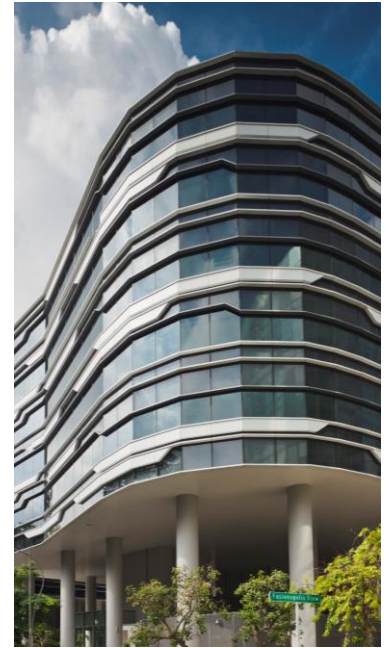




A Member of CapitaLand

(Constituted in the Republic of Singapore  
pursuant to a trust deed dated 9 October 2002 (as amended))



# Ascendas Real Estate Investment Trust Green Finance Framework

August 2020

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## 1. Introduction

### 1.1 About Ascendas Reit

Ascendas Real Estate Investment Trust (“Ascendas Reit” or “the REIT”, Singapore Stock Code: A17U.SG) is Singapore’s first and largest listed business space and industrial real estate investment trust. As one of Singapore’s REIT pioneers, Ascendas Reit has played a crucial role in the development of the Singapore’s REIT sector. The REIT provides an attractive platform for investment in business park, logistics and industrial properties across developed markets.

Ascendas REIT has a well-diversified portfolio comprising 197 properties across the developed markets of Singapore, Australia, the United Kingdom and the United States. Ascendas Reit’s portfolio includes business and science parks, suburban office properties, high-specifications industrial properties, light industrial properties, logistics and distribution centres, and integrated developments, amenities and retail properties.

These properties house a tenant base of more than 1,460 international and local companies from a wide range of industries and activities, including research and development, life sciences, information technology, engineering, light manufacturing, logistics service providers, electronics, telecommunications, manufacturing services and back-room office support in service industries.

Ascendas Funds Management (S) Limited, the manager of Ascendas Reit (the “Manager”), is a wholly-owned subsidiary of CapitaLand Limited (“CapitaLand”). The Manager is fully committed towards Ascendas Reit’s vision of being a leading global real estate investment trust, as well as the mission of delivering predictable distributions and achieving long-term capital stability for unitholders.

### 1.2 Sustainability at the Core of Ascendas Reit’s Business

As a wholly-owned subsidiary of CapitaLand, the Manager firmly upholds CapitaLand’s core values and deep commitment to sustainability. The Board Statement stated in the Ascendas Reit’s Sustainability Report is prepared in accordance with the Global Reporting Initiative (“GRI”) Sustainability Reporting Guidelines affirms the Manager’s commitment to sustainability:

*“Ascendas Reit is committed to sustainability and incorporates the key principles of environment, social and governance factors in setting out its business strategies and operations.*

*The Board of the Manager considers Economic, Environment, Social and Governance (“EESG”) issues such as fraud, corruption and bribery, environment, health and safety, when determining the nature and extent of material risks that Ascendas Reit is willing to take to achieve its strategic and business objectives.*

*The Board also approves the executive compensation framework based on the principle of linking pay to performance. Ascendas Reit’s business plans are translated to both quantitative and qualitative performance targets, including sustainable corporate practices, and are cascaded throughout the organisation.”*

Ascendas Reit’s sustainability objectives and strategies are aligned with CapitaLand’s, based on the latter’s credo, “Building People. Building Communities”. Ascendas Reit upholds this approach and implements it across human capital management, asset and portfolio strategies, daily operations management, project development and stakeholders’ engagements. Ascendas Reit is committed to maintaining a safe workplace and fostering the well-being of the stakeholders and adheres to high standards of corporate governance and transparency to advance the interest of Ascendas Reit.

As part of the REIT’s aspiration to achieve operational excellence, Ascendas Reit is continuously evaluating and adopting the best practices in the areas of EESG to ensure the sustainable growth of the business. Testament to the commitment, Ascendas Reit was awarded Runner-up in the Sustainability Award, REITS & Business Trusts category at the SIAS 20th Investors’ Choice Awards 2019, and continues to be recognised on the iEdge SG ESG Index<sup>1</sup> as an ESG leader with established and leading ESG practices during FY 2019. More details can be found in Ascendas Reit’s Integrated Sustainability Report FY2019 (<https://ir.ascendas-reit.com/sustainability.html>).

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<sup>1</sup> The iEdge SG ESG Indices are composed of SGX-listed companies that are independently researched and analysed across Environmental, Social and Governance factors by Sustainalytics, a global leader in Sustainability analysis.

## 2. Green Finance Framework

This Green Finance Framework (the “Framework”) has been developed to demonstrate how Ascendas Reit intends to enter into Green Finance Transactions (“GFTs”) to fund projects, which will deliver environmental and social benefits that support the REIT’s objectives.

Fundraising will include bonds, loans and other forms of debt financing with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Projects as defined in this Framework.

This Framework outlines the criteria and guidelines for Ascendas Reit and its subsidiaries to allocate and manage the proceeds raised from the GFTs. The Ascendas Reit Green Finance Framework is prepared in line with the Green Bond Principles (2018)<sup>2</sup> as well as the Green Loan Principles (2020)<sup>3</sup> or as it may be subsequently amended:

In line with the Principles, the Framework comprises the following four core elements:

1. Use of Proceeds
2. Project Evaluation and Selection
3. Management of Proceeds; and
4. Reporting

The GFTs may be in any currency, tenor or with other terms and conditions, to reflect the financing strategy of Ascendas Reit as well as the commercial agreement with its financiers and investors.

### 2.1 Use of Proceeds




The objective of Ascendas Reit’s GFTs is to fund Green Projects that: mitigate climate change by reducing emissions; protect ecosystems; or otherwise have a positive environmental impact in support of the United Nations (UN) Sustainable Development Goals (“SDGs”). 100% of the net proceeds raised from the GFTs will be used to finance or re-finance, in whole or in part, new or existing Eligible Projects, which fall within the categories defined from pages 4 to 7.

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<sup>2</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Green-Bonds-Principles-June-2018-270520.pdf>

<sup>3</sup> [https://www.lma.eu.com/application/files/1815/8866/8537/Green\\_Loan\\_Principles\\_V03.pdf](https://www.lma.eu.com/application/files/1815/8866/8537/Green_Loan_Principles_V03.pdf)



## Eligibility Criteria for Green Projects


Eligible Project Category	Eligible Criteria	Sample Projects	Example Impact Metrics	UN SDGs supported
Green Buildings	<p>New development, existing or re-development of existing buildings that have or will receive any one of the following certification systems:</p> <ul style="list-style-type: none"> <li>• Singapore Building and Construction Authority (BCA) Green Mark: Minimum certification of Gold<sup>Plus</sup> or above;</li> <li>• LEED® (Leadership in Energy and Environmental Design)<sup>4</sup>: Minimum certification of Gold or above;</li> <li>• National Australian Built Environment Rating System (NABERS): Minimum 5 stars or above;</li> <li>• Green Building</li> </ul>	<ul style="list-style-type: none"> <li>• Nexus@one-north (Green Mark Platinum)</li> <li>• Aperia (Green Mark Platinum)</li> <li>• Logistech (Green Mark Platinum)</li> <li>• ONE@Changi City (Green Mark Gold<sup>Plus</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>• Number of Green Buildings (per certification system) and the level/rating achieved</li> </ul>	  

<sup>4</sup> By the U.S. Green Building Council (USGBC)

	<p>Council of Australia (GBCA) Green Star: Minimum 5 Star or above;</p> <ul style="list-style-type: none"> <li>• BREEAM (Building Research Establishment Environmental Assessment Method)<sup>5</sup>: Minimum certification of Excellent or above;</li> <li>• Any other Green Building label, that is an equivalent standard as the above.</li> </ul>			
Renewable Energy	Projects relating to the installation of equipment or associated infrastructure to generate renewable energy	<ul style="list-style-type: none"> <li>• Any form of clean or renewable energy installation e.g. Electricity generation from solar photovoltaic panel, etc</li> </ul>	<ul style="list-style-type: none"> <li>• kWh of power generated from renewable energy</li> <li>• Tonnes of carbon dioxide (CO<sub>2</sub>) equivalent avoided</li> </ul>	<div style="background-color: #f9c94d; padding: 5px; text-align: center;"> <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>  </div> <div style="background-color: #8c6d3d; padding: 5px; text-align: center;"> <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  </div>
Energy Efficiency	Projects relating to adoption of smart technologies and/or systems for optimising energy management in new and existing buildings (e.g.	<ul style="list-style-type: none"> <li>• Investment in raising performance of building fittings and equipment such as air-condition chillers, lift</li> </ul>	<ul style="list-style-type: none"> <li>• Energy saved per year (kWh/year)</li> <li>• Energy intensity reduction (kWh/sqm)</li> </ul>	<div style="background-color: #f9c94d; padding: 5px; text-align: center;"> <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>  </div>

<sup>5</sup> By U.K. Building Research Establishment (BRE)

	Lighting and motion sensors) or retrofitting projects (e.g. replacing air-conditioning chiller or lift systems).	systems, light fittings, glass curtain walls, ventilation and greening technologies that reduce interior heat and contribute to higher energy efficiency		
Waste Management	Facilities, systems and equipment that are used for the collection, treatment, and recycling of waste (excluding landfilling)	<ul style="list-style-type: none"> <li>• Management of waste for tenants and occupants</li> <li>• Improved waste management by offering multiple possibilities to recycle and dispose of waste</li> </ul>	<ul style="list-style-type: none"> <li>• Waste removed (tonnes)</li> <li>• Waste that is prevented, minimised, reused or recycled before and after the project in percentage of total waste and/or in absolute amount (tonnes/annum)</li> </ul>	
Sustainable Water Management	Water saving features to reduce domestic and commercial water consumption	<ul style="list-style-type: none"> <li>• Installation of efficient water use equipment, such as automatic tap water sensors, to reduce the use of water</li> </ul>	<ul style="list-style-type: none"> <li>• Water saved per year (m<sup>3</sup>)</li> <li>• Water intensity (m<sup>3</sup>/sqm)</li> </ul>	

<p>Clean Transportation<sup>6</sup></p>	<p>Projects that promote affordable and environmentally friendly transportation modes</p>	<ul style="list-style-type: none"> <li>• Electric vehicle charging infrastructure</li> <li>• Encouraging cycling among tenants, employees and customers by providing end-of-trip facilities (such as bicycle parking, showers, lockers and restrooms)</li> </ul>	<ul style="list-style-type: none"> <li>• No. of electric vehicle charging lots</li> <li>• No. of bicycle parking lots</li> </ul>	
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All designated Eligible Projects should demonstrate clear environmental benefits which will be assessed and where feasible, quantified by Ascendas Reit.

Projects not eligible for inclusion in Ascendas Reit’s Green Finance Framework are activities which directly involve fossil fuel, nuclear energy, mining and biomass production.

<sup>6</sup> The impact indicators for Clean Transportation are aligned with BCA Green Mark assessment criteria



## 2.2 Process for Project Evaluation and Selection

Under the Framework, Eligible Projects are identified, selected and approved via a process that involves the Sustainability Working Committee (“SWC”) and the Sustainability Committee (“SC”).

- a. The SWC will review and select Eligible Projects according to the criteria outlined in Section 2.1. The shortlisted projects will be presented in a format of Green Project List to the Ascendas Reit SC for approval. The SWC comprises representatives from various functional areas of the Manager:
  - Portfolio Management
  - Investor Relations
  - Finance
  - Investment & Business Development
  
- b. Ascendas Reit’s SC will ensure that the selected Eligible Projects in the Green Project List comply with Section 2.1 and the environmental and social guidelines (such as national regulations and international standards) which are applicable within Ascendas Reit. The SC comprises members of the senior management team of the Manager:
  - Chief Executive Officer
  - Chief Financial Officer
  - Head, Capital Markets & Investor Relations
  - Head, Portfolio Management
  - Head, Investment & Business Development

In addition, Ascendas Reit SWC will be responsible for managing any future updates of the Framework, including any expansion of the Eligibility Criteria under the use of proceeds. Any changes to the Framework will have to be approved by the SC and published on Ascendas Reit’s website.

## 2.3 Management of Proceeds

The amount equal to the net proceeds from the GFTs will be allocated exclusively to the Eligible Projects. As long as there are outstanding GFTs, the Green Project List will be managed through its internal system, and the balance of the tracked proceeds will be periodically monitored by the Capital Markets Team. Ascendas Reit strives to maintain a level of allocation for the Eligible Projects which matches or exceeds the balance of net proceeds from its outstanding GFTs.

For any unallocated net proceeds, it may be invested in cash or cash-equivalent instruments, following its usual treasury policy until Ascendas Reit identifies new Eligible Projects that meet the criteria in section 2.1. Any addition to the Green Project List will follow the above described process in section 2.2.

## 2.4 Reporting

Ascendas Reit commits to transparent reporting on its GFTs. For the Green Loans, Ascendas Reit aims to make the information readily available to the lenders upon request. The REIT is deemed to have provided the information if such information is available in the Integrated Sustainability Report published on the Ascendas Reit website.

For Green Bonds, Ascendas Reit will disclose the information such as net proceeds of its GFTs in its Integrated Sustainability Report on its website (<https://ir.ascendas-reit.com/sustainability.html>). Such information will be provided on an annual basis until all the net proceeds have been allocated.

The reports may include the information below:

### a. Summary

A list of all GFT(s) executed in the reporting period and outstanding at the reporting date and summary terms of each transaction. Key information to be provided will include issuer/borrower entity, transaction date, principal amount of proceeds, maturity date and interest or coupon.

### b. Allocation Reporting

- The list of Eligible Project(s) to which proceeds of the bond have been allocated (or reallocated).
- A brief description of the Eligible Project(s) and the amounts allocated.
- Where confidentiality agreements, competitive considerations or a large number of underlying assets limit the amount of detail that can be made available about the selected Eligible Project(s), information shall be presented on the investment areas which the selected Eligible Project(s) fall into.

### c. Impact Reporting

Where relevant and possible, Ascendas Reit may provide relevant environmental impact metrics for the Eligible Projects financed by the GFTs to the investors and lenders. Examples of metrics include but not limited to:

Eligibility Criteria	Example Impact Metric
Renewable energy	<ul style="list-style-type: none"> <li>• kWh of power generated from renewable energy</li> <li>• Tonnes of carbon dioxide (CO<sub>2</sub>) equivalent avoided</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>• Energy saved per year (kWh/year)</li> <li>• Energy intensity reduction (kWh/sqm)</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>• Number of Green Buildings (per certification system)</li> </ul>
Clean transportation	<ul style="list-style-type: none"> <li>• Number of EV charging lots installed</li> <li>• Number of bicycle parking lots</li> </ul>
Sustainable Water Management	<ul style="list-style-type: none"> <li>• Water saved per year (m<sup>3</sup>)</li> <li>• Water intensity (m<sup>3</sup>/sqm)</li> </ul>
Waste Management	<ul style="list-style-type: none"> <li>• Waste removed (tonnes)</li> <li>• Waste that is prevented, minimised, reused or recycled before and after the project in percentage of total waste and/or in absolute amount (tonnes/annum)</li> </ul>

Each annual integrated sustainability report will be reviewed by the CEO of the Manager before publication.

## 3. External Review

Ascendas Reit will ensure that the appropriate knowledge and expertise is developed within the organisation to confirm the alignment of this Green Finance Framework with the key features of the Principles. Ascendas Reit will engage an independent assurer to provide an assurance report on the Framework prior to its first GFT. The opinion of the independent assurer will be shared on the REIT's website at <https://ir.ascendas-reit.com/sustainability.html>.

## 4. Appendix – Methodology and Assumptions

Please refer to methodology and assumptions under the Appendix section of the Ascendas Reit's website at <https://ir.ascendas-reit.com/sustainability.html>.