



VARIA US PROPERTIES - ESG POLICY

SUSTAINABILITY MISSION

Varia US Properties and its investment manager Stoneweg US are committed to providing innovative, high-performance sustainable real estate investment opportunities to drive life-enhancing financial, environmental, social, and governance (ESG) outcomes for our residents, investors, partners, and the communities where we invest.

Our approach includes the continuous pursuit of best practices in sustainable real estate and responsible investing, including appropriate stakeholder engagement, governance, and risk management in alignment with the United Nations Sustainable Development Goals (UN SDGs).

Our strategy focuses on monitoring and benchmarking our ESG performance in alignment with GRESB, as a framework of industry best practices, to tangibly demonstrate our leadership in the real estate industry to our stakeholders.

Varia US Properties and Stoneweg US, as its investment manager, both work in alignment with the UN Global Compact definition of sustainability that states: "Corporate sustainability is a company's delivery of long-term value in financial, environmental, social and ethical terms."

SUSTAINABILITY PRINCIPLES

The pathway to achieving our Sustainability Mission is to drive enhanced financial, environmental, and social performance for the benefit of all stakeholders and communities in which we live, work, and invest, is rooted in our Sustainability Principles: Integration, Impact, and Integrity.

Integration: Integration means to embed and integrate best of class environmental, social, and governance (ESG) practices as part of the core business strategy to create life enhancement, accountability, and continuous improvement.

Impact: Drive positive impact in the lives of our residents, across the company and the industry, while mitigating risk and creating long-term value for stakeholders, including our investors, residents, managers, employees, service providers, and the communities we serve.

Integrity: Integrity means to conduct business always with the highest level of ethics, respect, and excellence.

SUSTAINABILITY PRACTICES

The following Varia US and Stoneweg US Sustainability Practices have been developed in accordance with the Sustainability Mission and Principles. They serve as our guide to embed practical strategies that support the overall business strategy and create added value into our day-to-day business operations. These practices will be monitored and reviewed annually by the Stoneweg US Director of Sustainability, Stoneweg US Executive Leadership Team and the Varia US Properties Board of Directors. These Practices will be shared with all properties throughout the portfolio and all Stoneweg US employees, as well as disclosed to our investors and other key stakeholders through both of our websites.



ESG Investing

On behalf of Varia US, Stoneweg US integrates relevant, practical, and actionable ESG criteria into investment processes for the purpose of analyzing ESG material topics inherent in each transaction. Our ESG investing practices represent an essential aspect of the investment process for the purpose of identifying potential risk and opportunities throughout the investment cycle.

ESG assessments of material criteria are embedded in routine procedures at Stoneweg US and the ESG criteria analysis is reported during the due diligence process for acquisitions, and at least twice annually in summary format for standing investments.

On behalf of Varia US, the Stoneweg US Executive Leadership Team and Stoneweg Group Investment Committee is responsible for the consideration of acquisitions and standing investment ESG analysis for the purpose of decision-making throughout the investment cycle.

A. ENVIRONMENTAL

For Varia US Properties and Stoneweg US, environmental practices aim to:

- preserve & enhance quality of life for our stakeholders
- reduce utility expenses for our residents and our investors
- mitigate risk
- reduce our consumption and carefully use natural resources
- drive operational excellence

Varia US Properties and Stoneweg US have made a commitment to improve both environmental and financial performance throughout the portfolio.

Relative to what we aim to accomplish, on the following pages we outline best practices applicable for new construction associated with major renovations, improvements to existing assets, asset acquisition planning, and corporate operations.

Our aims and best practices will also be taken into consideration when hiring suppliers and procuring materials.

On behalf of Varia US, Stoneweg US will seek sustainable building certifications where appropriate and valuable. Emphasis will be put on the alignment of certifications with the business plan of each individual investment property. Stoneweg US will track building certifications across the portfolio and review them annually to evaluate their relevance in the context of the certification year as well as prioritizing renewals and updates of certifications to maintain their validity.

Varia US commits to independent third-party audits of sustainability data practices and reports to ensure accuracy and credibility

Energy

Varia US properties and Stoneweg US will work to reduce energy intensity and associated expenses for all managed assets by monitoring energy consumption, using energy efficient equipment, considering installment of renewable energy systems, energy storage solutions and clean technologies, and incorporating energy management best practices into daily operations, wherever feasible.

Best practices and initiatives may include, but not limited to:

- Ongoing benchmarking of energy data in ENERGY STAR Portfolio Manager
- Provide reporting mechanisms to separately account for operational and non-operational energy use, particularly focusing on EV charging stations and similar facilities.
- Enhance focus on energy efficiency across the portfolio. Implement measures to improve energy efficiency in buildings, like using high-efficiency HVAC systems and smart technology for energy management.
- Regular preventative maintenance and scheduled replacements toward high efficiency HVAC equipment and building systems
- Using smart technology and providing best practices training for residents and property managers to encourage energy savings
- Incorporating efficiency into decisions for building upgrades, capital expenditures, and major renovations
- Conducting regular technical assessments to identify opportunities to drive continuous improvement of energy efficiency from lighting to roofing to drought resistant landscaping
- Reviewing opportunities for both on and off-site renewable energy and incorporate where appropriate
- Tracking and complying with all energy efficiency and benchmarking legislation implemented across jurisdictions where Stoneweg US operates
- Conducting renewable energy opportunity assessments
- Developing a resilience program to mitigate weather and climate disruptions
- Collaborating with residents on energy management and sustainability/ ESG initiatives through engaging in green lease language in lease agreements where feasible
- Alignment with ESG Asset Management Playbook

GHG Management

A significant portion of the portfolio's greenhouse gas emissions are from the electricity and natural gas usage in our buildings; therefore, emissions will be tracked and managed in ENERGY STAR Portfolio Manager and reduced in accordance with the energy efficiency measures implemented as part of Stoneweg US' Energy Practices.

Net Zero

Stoneweg US recognizes the significance of the United Nations Framework Convention on Climate Change (UNFCCC) 2015 Paris Agreement in combating climate change. Stoneweg US understands the importance of reducing greenhouse gas emissions in the atmosphere to achieve net zero. Stoneweg US takes meaningful steps to calculate, track, and reduce its GHG emissions and strives to implement programs which not only enable decarbonization, but also eliminate GHG emissions. Stoneweg US' commitments and efforts aimed at energy efficiency, decarbonization, and reduced GHG emissions are in alignment with the principles of net zero and contribute to the goal of combating climate change.

Water

Varia US Properties and Stoneweg US will work to reduce water consumption and associated expenses for all properties through the monitoring of consumption, use of water efficient equipment where feasible, and incorporation of water management best practices into daily operations with a keen commitment to improve both environmental and financial performance.

Best practices and initiatives may include, but not be limited to:

- Ongoing benchmarking water usage in ENERGY STAR Portfolio Manager where water data is accessible
- Using smart irrigation, low-water landscaping, and leak detection systems where appropriate
- Implementing appropriate water monitoring technology and solutions to identify leaks, save money, and reduce associated risks more quickly
- Regular preventative maintenance of all applicable water-use systems, such as irrigation systems, toilet flappers, urinals, hot water heaters, faucets, showers, and pools
- Alignment with the ESG Asset Management Playbook

Waste

Varia US Properties and Stoneweg US will work to reduce landfill waste through tracking waste production and recycling rates, implementing waste management best practices, and purchasing recycled content or zero waste materials where applicable and feasible.

Best practices and initiatives may include, but not be limited to:

- Ongoing benchmarking of waste production and recycling rates in ENERGY STAR Portfolio Manager where waste data is accessible
- Recycling common area light bulbs wherever possible and feasible
- Ensuring appropriate recycling containers are available and accessible, and that signage is clear and easily understood by residents and building visitors
- Purchasing consumable materials with recycled content, such as recycled or biodegradable paper products, copy paper, paper towels, and bathroom tissue
- Purchasing materials with recycled content for major renovations and building upgrades, such as recycled content carpet and ceiling tiles

Building Materials

Varia US Properties and Stoneweg US strives to provide state-of-the-art properties that enhance the health and wellness of occupants, and we work to avoid use of materials that are known to be averse to human health and the environment.

Best practices and initiatives may include, but not be limited to:

- Seeking to avoid exposure risks from materials with known toxic ingredients, such as: asbestos, formaldehyde, volatile organic compounds, ash, cadmium, mercury, lead, arsenic, and phthalates
- Using sustainable-certified, third party validated products and services that reduce environmental and human health impacts during new construction and redevelopment initiatives, whenever feasible.
- Some examples would include the following standards: Forest Stewardship Council (FSC), Rainforest Alliance; Cradle to Cradle, Floorscore, Green Seal and Greenguard
- Purchasing local materials and importing local fill where practical

Biodiversity & Habitat

In conjunction with all major renovations or re-development projects, Varia US Properties and Stoneweg US will assess and analyze environmental risks associated with the natural habitat of the applicable land, including any risk mitigation needs and costs related to:

- Identifying soil and water characteristics including their contamination levels
- Identifying soil and water, water restoration possibilities and mitigation needs, as well as related costs to reduce or avoid community risks
- Analyzing land topography to avoid removal of native material where practical, which could cause an environmental disturbance
- Understanding the biodiversity and natural habitat of the site to minimize disruption and maximize preservation opportunities during construction or renovation, inclusive of endangered species evaluations

B. SOCIAL

Resident Life Enhancement

Varia US Properties and Stoneweg US make a pointed and consistent effort to engage residents, asset, and property management teams to understand and support ESG efforts. We demonstrate our commitment to enhancing the quality of life of our residents and employee/stakeholder satisfaction through resident engagement practices and social responsibility support services that are tailored to each property.

Resident life-enhancing practices and initiatives include, but are not limited to:

- Offering residents at least one “supportive service” and/or amenity and track associated benefits.
- Esusu credit enhancement and rental payment support program, which helps to build resident credit and reduce risks of missed rental payments, while supporting better employment opportunities, increase housing stability, and reducing delinquency for residents
- Providing opportunities for residents to advance child and adult educational development in various areas (e.g. child-mentoring, and parenting and financial management workshops), as well as opportunities for community engagement

Diversity, Equity & Inclusion

Varia US Properties and Stoneweg US are committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion (DEI). Our human capital is the most valuable asset we have, and our success is reliant on the collective sum of the individual differences. We embrace and encourage our employees’ differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Varia US Properties and Stoneweg US’ DEI initiatives are applicable, but not limited to, our practices on:

- Recruitment and selection
- Promotions, transfers, and professional growth
- Compensation and benefits
- Social and recreational programs
- Professional development and training

We focus on developing a work environment built on gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives
- Work/life balance through flexible work schedules to accommodate employees' varying needs
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for diversity

All employees of Stoneweg US working on behalf of Varia US Properties have a responsibility to always treat others with dignity and respect. All employees are expected to exhibit conduct that reflects inclusion and supports belonging during work, at work functions on or off the work site, and at all other company-sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action. Employees who believe they have been subjected to any kind of discrimination that conflicts with the company's diversity practice and initiatives should seek assistance from a supervisor or a Human Resources representative.

Employee Safety

Varia US Properties and Stoneweg US are committed to providing a safe workplace for our workers. We recognize that all employees have the right to work in a safe and healthy environment, consistent with the Occupational Health and Safety Act and any other applicable legislation. Part of our commitment is that we will provide ergonomic reviews and adjustment as needed to make sure each employee's work environment (desk, chair, and overall ergonomics) are appropriate and reduce risks of injuries.

Our company is committed to take every reasonable effort to eliminate the hazards that cause accidents and injuries. Disregard or willful violations of this practice by employees at any level may be considered cause for disciplinary action in accordance with the company's policies.

Employee Performance and Career Development

The long-term success of Varia US Properties and Stoneweg US is contingent upon the talent and commitment of our greatest asset, our employees. Both are committed to supporting the performance and career development of our employees, striving to provide a culture of learning, growth, and performance excellence.

Stoneweg US on behalf of Varia US Properties will foster this culture through establishing clear performance objectives and may support employee performance and career development through the following ways:

- Encouraging employees to engage in relevant training opportunities, including formal training sessions, employee coaching and mentoring and participation in conferences
- Funding the cost of training materials and professional certification for personnel where applicable for personnel, including accountants, asset management teams, and IT professionals.
- Encourage community service through implementation and/or expansion of an employee charitable contribution matching program

Employee Health & Wellbeing

Varia US Properties and Stoneweg US along with its operating partners strive to create extraordinary environments for our residents and the communities in which we invest. It is also our duty to create an extraordinary corporate working environment that facilitates positive health and wellness for our greatest asset, our employees.

Varia US Properties and Stoneweg US recognize the importance of good nutrition, regular physical activity, and reduced sedentary time in the prevention of chronic disease and the maintenance of health and wellbeing. As such, we are committed to creating a workplace culture that supports and encourages regular physical activity and facilitating active participation of workers in a range of initiatives that promote increased physical activity, reduced sitting time, and healthy eating options.

Strategies and initiatives for employee health and wellness include but are not limited to:

- Supporting reduced sitting time through available standing height tables/desks or workstations, removing waste bins from individual desks to a central location to encourage movement, or providing software reminders for staff who sit for long periods of time
- Encouraging participation in sports teams, group fitness activities and/or fitness challenges
- Encouraging walking meetings when feasible
- Providing relevant information materials, such as posters or brochures
- Providing healthy food and drink options where feasible
- Ensuring catering and onsite food outlets have healthy food and drink choices
- Installing water purification if necessary and where feasible
- Installing water bottle filling stations where feasible

Best practices for the operations and management of the corporate offices to ensure employee health and wellness related to indoor air and water quality may include but not be limited to:

- Use only low/no volatile organic compound (VOC) paints and finishes
- Institute a green cleaning practice for common areas and corporate facilities
- Use high efficiency filter vacuums
- Conduct proper IAQ evaluations and testing, where appropriate
- Use an integrated pest management plan, if and where appropriate
- Meet fire safety and carbon monoxide monitoring standards
- Institute a safety and security practice, including emergency procedures, regular drills and communicate regularly with employees
- Test water quality as needed
- Immediately address occupant noise complaints as feasible
- Meet or exceed ASHRAE outdoor air ventilation rate guidelines to control indoor sources of odors, chemicals, and carbon dioxide
- Institute a smoke-free office practice
- Incorporate tobacco free signage as appropriate

Resident and Community Health & Well-being

The impact of the built environment on human health has become an important aspect of sustainable high-performance buildings. Varia US Properties and Stoneweg US leadership understand this impact and are committed to owning and managing assets by working with operating partners so that properties meet or exceed healthy building criteria.

Best practices and initiatives may include, but not be limited to:

- Use only low/no volatile organic compound (VOC) paints and finishes
- Incorporate a green cleaning policy for common areas and vacant units
- Use high efficiency filter vacuums
- Conduct regular indoor air quality (IAQ) evaluation, and where appropriate implement appropriate testing protocols
- Ensure separate ventilation for chemical storage areas
- Utilize an integrated pest management (IPM) plan
- Meet fire safety and carbon monoxide monitoring standards
- Institute requirements for property level safety and security policy, including emergency procedures, regular drills and communicate regularly with occupants
- Test water quality as appropriate
- Prevent water stagnation in pipes
- Install water purification if necessary
- Install water bottle filling stations where feasible
- Immediately address to noise complaints as feasible
- Meet or exceed ASHRAE outdoor air ventilation rate guidelines to control indoor sources of odors, chemicals, and carbon dioxide
- Provide healthy vending machine/food options, via community garden programs, where feasible
- Institute a smoke-free common areas and/or building policy
- Incorporate tobacco free signage as appropriate

Stakeholder Engagement

Varia US Properties and Stoneweg US understand the impact that stakeholders have on our business and operations. Therefore, we are committed to engagement with our key stakeholders to facilitate two-way interaction and provide transparency of our programs and progress, particularly around our environmental, social and governance (ESG) efforts and, in turn, drive performance as a result of our strengthened relationships.

Stakeholder engagement best practices and initiatives may include but not be limited to:

- Engaging stakeholder groups to develop and maintain positive and productive relationships
- Involving stakeholders in identifying issues that are material to our business
- Providing transparency to our stakeholders through annual corporate and ESG reporting
- Conducting resident satisfaction surveys, including questions around ESG topics
- Conducting employee satisfaction surveys, including questions around engagement, professional development, and ESG topics
- Providing training and support services for residents and employees around industry best practices and ESG topics
- Employing the use of Third-Party Assurance services for relevant disclosures for non-financial ESG data when appropriate to further promote transparency and trust the environmental asset level performance information we share.

C. GOVERNANCE

A cornerstone of Varia US Properties and Stoneweg US' business philosophy is strong corporate governance, high ethical standards, and professional responsibility. Underlying all business activities is a focus on staying true to our core values of integrity, respect, collaboration, performance and maintaining a customer-centric approach to our business. We take pride in our efforts towards transparency with our stakeholders, as well as our diligent compliance with laws, regulations, and industry standards, and an uncompromising commitment to our Code of Ethics.

ESG Committee

The Varia US Board level ESG Committee is comprised of a direct delegation of members from the Varia US Board of Directors and is supported to achieve its goals by the Company's Asset Manager.

The following is a summary of the Varia US ESG Committee's responsibilities and functions:

- ESG Strategy
 - Monitor the development of the Company's ESG strategy.
 - Assess climate risks, climate-related opportunities (CROs) and transition paths and supervise relevant initiatives and activities.
 - Review the ESG budget and submit it to the BOD for its approval.
- ESG Policies
 - Review the Company's ESG policies and submit it to the Board of Directors for approval.
 - Monitor the Company's ESG policies and their implementation.
- ESG Monitor and Review
 - Monitor ESG reporting requirements.
 - Monitor how all milestones and targets defined by ESG Strategy are reported to the Board of Directors and in the ESG Report.
 - Emphasize financial consequences and measurable outcomes related to ESG factors.
- ESG Reporting
 - Review the ESG report and submit it to the Board of Directors' approval.
 - Report to the Board of Directors on a regular basis.
 - Regular coordination with other Company's committees and with Stoneweg Group ESG Committee.

Employee Participation

To ensure compliance and strict adherence to the Varia US Properties and Stoneweg US compliance requirements, government regulations, and industry standards, Stoneweg US employees are required to participate in annual training that includes:

- Personal trading policies and preclearance requirements
- Misuse of material non-public information
- Outside business activities
- Gifts and entertainment
- Political contributions
- Anti-money laundering
- IT and cybersecurity, including electronic communication
- Risk management
- Data privacy, record keeping, and disposal of consumer information
- Standards of conduct
- External communications (media, marketing, and advertising)
- Vendor and external research provider due diligence
- Fraud
- Bribery
- Conflicts of Interest

Varia US Properties Stoneweg US also seeks to implement a corporate governance framework that provides appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest. Stoneweg US on behalf of Varia US Properties maintain strict policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act and similar laws in other jurisdictions in which we invest. Varia US Properties and Stoneweg US value our reputation as organizations that conducts business with honesty and integrity, and we maintain a zero-tolerance approach to lapses in these areas.

Stoneweg US on behalf of Varia US Properties require all Stoneweg US employees to always comply with the Stoneweg Employee Handbook and provide an annual certification of compliance.