

# Sunrise Real Estate

## Sustainability Policy

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Key:

● Sunrise HQ

● Assets



## About Us

Sunrise Real Estate Limited (“Sunrise”) is a pan-European investor, developer, and asset manager of logistics real estate with over 1.8 million square metres under management.

We believe in creating best-in-class infrastructure solutions for an increasingly connected world and a dynamic globalised supply chain.

We achieve long-term value creation for our investors by curating portfolios of high-quality logistics and industrial real estate assets in prime locations across Europe and the UK.

We differentiate ourselves and our assets by: building properties with future-proof, sustainable design specifications; providing enhanced tenant experience via hands-on asset management; and channelling our commitment to both people and the planet to ensure we make decisions that have a positive impact.

# CEO Address



**“We are committed to integrating sustainability into the very fibre of our business. This means taking a long-term view despite short-term operational challenges and, in doing so, creating and preserving value for our investors, the communities surrounding our properties, and the wider environment.**”

The scale and pace of environmental change across Europe presents clear risks and opportunities for the built environment. We continue to see new climate realities developing across Europe, and a widening gap between policy makers’ and climate scientists’ understanding of the measures required to curb the worst effects of climate change.

We appreciate that, in the face of such challenges, it is no longer sufficient to take our cue from backward-looking models, best practice or even regulation. Instead, we need to be proactive in understanding the environmental needs and opportunities presented by our business activities. To that end, we are working hard to improve the data we collect and hold on our assets, by conducting lifecycle carbon assessments, automating operational data collection, and understanding the biodiversity of our sites at acquisition. We believe that holding the right data will enable us to understand where we are today and where we need to do better, whether through investment or tailored management of our existing resources.

Our approach recognises that well-designed, well-managed assets support tenant productivity, workforce retention and long-term operational stability. Across our portfolio, we work closely with local constituents to understand how we can improve our assets’ impact on their communities through appropriate design, management and cooperation with local organisations. As logistics specialists, we are particularly focused on working with our contractors and tenants to understand the socioeconomic factors at play throughout development and operations of our properties.

Within our own team, we are committed to building an environment which attracts and retains diverse talent: this is reflected in our recruitment, remuneration, and daily approach to work. We appreciate that our DEI mission is a long-term journey, which requires us to build teams and partnerships that reflect the diverse communities and markets in which we operate. My hope is that we can continue building a supportive, inclusive, and empowering culture which allows our team to thrive personally and professionally.

In the face of increasingly complex challenges, I am excited to see how the entire Sunrise team will continue to drive impact through our sustainability efforts in 2024 and beyond.”



Boris Michev  
CEO

# Sustainability

At Sunrise, we are focused on making decisions that protect asset performance, reduce long-term costs and ensure our portfolio is futureproofed over its full lifecycle. We aim to mitigate environmental and social harm and seek opportunities to maximise positive impact.

We have identified **three key themes**, which are relevant to our business and we feel have a material impact on people, the planet and the long-term value of our assets. This policy sets out how we structure our efforts and implement these themes, both top-down across our portfolio and bottom-up through local best practices.

## Carbon, Energy & Resources

We aim to reduce our carbon emissions and use energy and natural resources equitably and efficiently.

## Social & Economic Impact

We aim to increase the physical and mental wellbeing of those with whom our business and properties interact.

## Biodiversity & Nature

We aim to increase green cover, protect wildlife and create net gains in biodiversity.

The themes are distinct but have various interdependencies and will often have cross-pollination benefits. For example, maintaining biodiverse landscapes will improve employees' wellbeing and therefore have a positive social impact.

# Ethos

Our approach to sustainability is driven by the considerations outlined below, which apply across all themes and assets.

## Reducing Harm and Creating Value

We seek to create and preserve value for investors by developing assets that avoid environmental risks, in particular carbon stranding and transition risks. While doing so, we also reduce environmental harm and support positive social outcomes, including providing employment opportunities and increasing wellbeing.

The built environment is often responsible for excessive carbon emissions, unsustainable consumption of natural resources, and loss of biodiversity. As real estate professionals, our greatest goal is to create buildings which are fit for the future. Given the increasing prevalence of the climate crisis and environmental degradation, this goal is primarily worked out through our focus on energy, carbon, resources and biodiversity.

## Targeting Needs and Opportunities

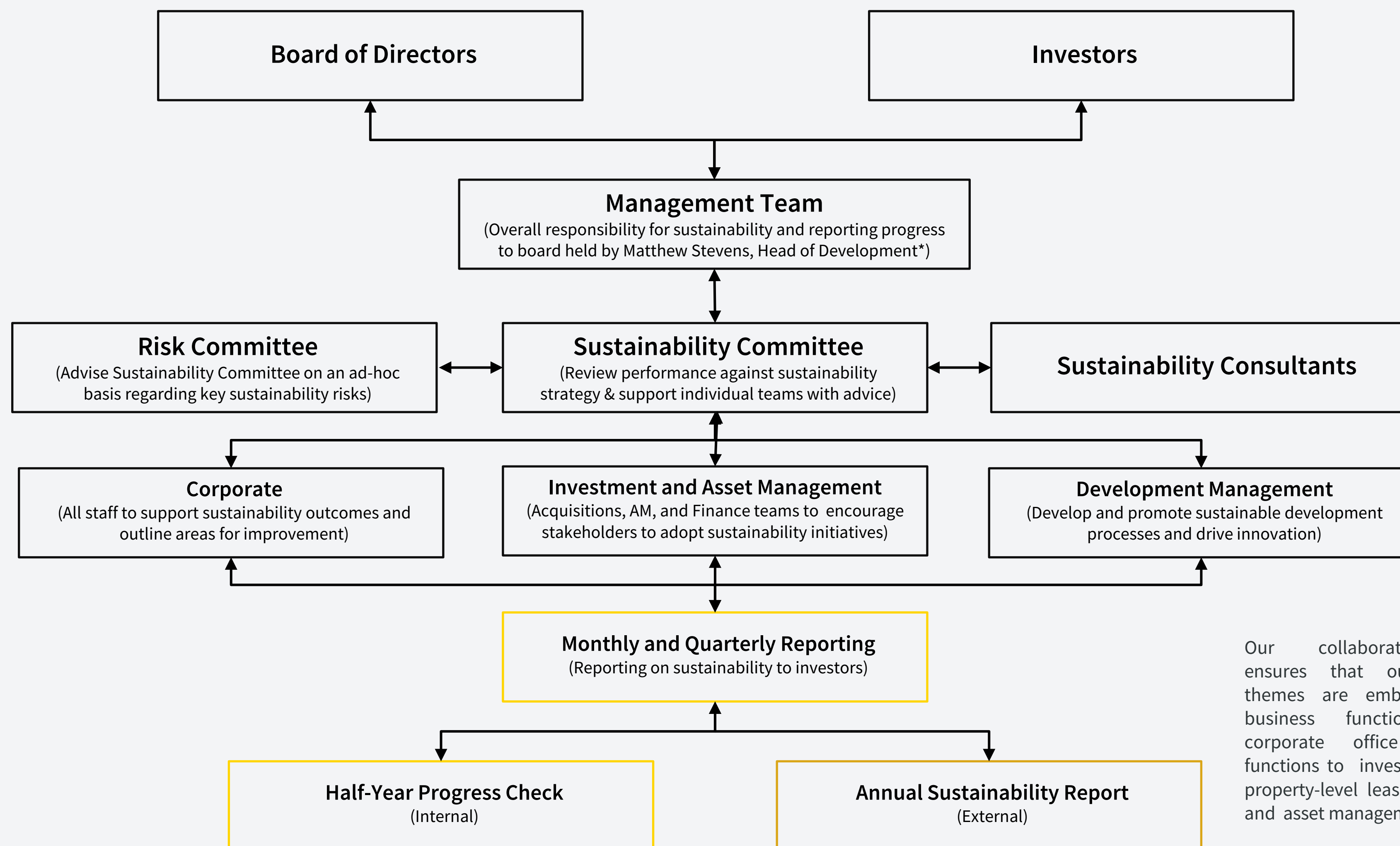
We assess each asset individually to identify two key drivers for local action: evidence of need, and/or opportunities for impact. Our portfolio-wide themes will be progressed on this basis with a tailored approach and tracked accordingly. This means the sustainability plan of action for an asset will depend upon its location, investment phase, tenant engagement (if standing), applicable regulation, and other factors.

## Wider Policy

We have adopted a handful of themes so that we can work at greater depth and make sure we are staying focused on the most impactful areas of our sustainability work. However, our sustainability approach is not limited to these three themes and we will continue to carry out other initiatives outside of these. Our approach to sustainability is guided by third party frameworks, including INREV (European Association for Investors in Non-Listed Real Estate Vehicles) Guidelines on Sustainability Reporting and GRESB Real Estate Assessment.

# Governance

Our business is structured to place sustainability at the centre of our decision-making process. Our governance framework allows us to track progress and promote best practices across all our activities, with regular feedback both internally and externally.



Our collaborative approach ensures that our sustainability themes are embedded in every business function, from our corporate office and finance functions to investment decisions, property-level leasing, development and asset management initiatives.

\*Reflected in Matthew Stevens' remuneration and goals.

# Framework

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# Carbon, Energy & Resources

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The building and construction sector contributes nearly 40% of global carbon dioxide equivalent (CO<sub>2</sub>e) emissions. With many tenants and investors preferring futureproofed assets, reducing our CO<sub>2</sub>e emissions and pivoting towards more sustainable resource consumption is both an obligation and an opportunity. For each asset, opportunities and needs will vary, driven by timing and position in the investment lifecycle, tenant engagement, the electrification and congestion of the local grid, regulation, and other factors. We have noted some of the factors which we will use to prioritise a given asset for urgent action.

## Embodied Carbon

During construction, we aim to reduce the embodied carbon in our assets by calculating the carbon during the design phase to inform our selection of low carbon materials (e.g. low carbon concrete, recycled steel, timber elements). A circular economy model is taken to minimise waste and maximise reuse and longevity of materials. Where relevant, we consider using local materials to reduce carbon from transport.

We encourage contractors to use BIM (Building Information Models) which facilitate one-click LCAs (Lifecycle Carbon Assessments), as these provide the most accurate and standardised measure of embodied carbon. We assess new assets for opportunities to deliver net-zero embodied carbon in construction builds.

*Prioritise the design phase of construction.*

## Energy Efficiency

Energy Performance Certificate (EPC) ratings provide a comparable measure of a building's energy efficiency across Europe and the UK. Higher EPC performance reduces exposure to volatile energy pricing, improves tenant affordability and supports rental and exit values. We target EPC 'A' for new builds, as a standard metric for valuing our general efficiency. As a standard, our new builds are heated with fossil fuel free sources.

For standing stock, we look to upgrade EPC ratings through MEP upgrades such as removal of gas, LED lighting installations and insulation improvements (façade, windows, and roof) to reduce heat loss and energy consumption.

*Prioritise standing stock with low EPC ratings and assets in design phase.*

## Renewable Energy Sources

Reducing carbon emissions during operation necessitates a transition to renewable sources of energy. On-site generation can materially reduce occupier energy costs, increase tenant retention and improve income certainty. Our standard base build includes air source heat pumps, EV car charging, and solar ready roofs. In operation, we opt for verified green electricity sources where possible.

Where tenants have control of contracts, we encourage their use of renewable sources. We primarily support this through rooftop solar: we either help tenants to install their own PV systems, or partner with solar developers who then provide the tenants with green, locally sourced energy. We also offer battery solutions.

*Prioritise assets with high consumption and where opportunities for solar arise.*

## Consumption Data Collection

We are working to improve the collection of consumption data regarding energy, water and waste in terms of granularity and accuracy.

This is being carried out across the portfolio through regular data collection, which is designed to allow us to identify above-average consumption and opportunities for reduction.

We also explore opportunities to retrofit Building Management Systems (BMS), ranging from automatic data collection to BMS which allow remotely-managed utilities to optimise consumption based on activity.

*Prioritise assets where data collection is limited and where tenants are willing to cooperate.*

## Water and Waste Management

Water scarcity continues to increase, due to climate change's impact on terrestrial water storage and the increased demand from population growth. One way we can mitigate this is through managing water consumption. We explore opportunities to reduce water consumption through smart irrigation systems, leak detection systems, high efficiency appliances and low-flow plumbing, and reuse of storm and grey water.

We look to reduce overall waste and increase the proportion of recycled waste in partnership with our tenants. We do this by monitoring waste data and working with tenants who do not yet have a recycling plan in place. We also work with tenants to increase the prevalence and visibility of recycling facilities.

*Prioritise assets with high water usage and where tenants are willing to cooperate.*

## Company Considerations

As a business, we are mindful of the CO<sub>2</sub>e emissions associated with our corporate activities. We monitor the emissions associated with office use and business travel and opt for rail rather than air travel where feasible. For regular journeys, we have schemes covering electric vehicles and bicycles to promote sustainable commuting.

# Social & Economic Impact

# Social & Economic Impact



Sunrise currently acts as the asset manager for over 40 assets across nine countries, the majority of which were developed by Sunrise. As a result, our actions have the potential to impact thousands of employees hired by related parties, particularly contractors and tenants. We are focused on the physical and mental wellbeing while looking to increase the financial wellbeing of the employees. Due to our long-term presence in local communities, this presents the opportunity to facilitate social cohesion through job creation and community connectivity.

For each asset, opportunities and needs will vary by socioeconomic needs, position in the investment lifecycle, stakeholder and community engagement, and other factors. We have noted some of the factors which we will use to prioritise a given asset for urgent action.

## Job Opportunities

The economic landscape across most of the UK and Europe has seen increasing barriers to enter the workforce and upskilling.

Through desktop analysis and discussion with local authorities, we look for ways to support access to local labour pools and skills development to help tenants recruit and retain staff in competitive markets. For example, if youth unemployment rates are heightened, we will encourage contractors and tenants to provide internships or entry level jobs to those under 30. Other initiatives can include encouraging training employees through online courses or equivalent.

During the construction tender process, we consider mandating the actions described above as appropriate, provided the contract price remains competitive.

*Prioritise assets in areas with high rates of unemployment.*

## Design

Design choices can support employee satisfaction, reduce churn and enhance the attractiveness of logistics assets to occupiers. Internally, we look to maximise natural light, incorporate foliage, and select nature-inspired colours.

Externally, consideration of the building's visual aesthetics, such as facade, lighting and landscaping choices, and providing recreational areas including break areas, football pitches or outdoor gyms, can all contribute to the employee's experience.

At a community level, we recognise the potential impact that future developments can have on the area's connectivity. During the design phase, we will discuss with the architects how we can create an inclusive design for the users and wider area.

*Prioritise assets in the design phase.*

## Health and Safety

Given the physical dangers involved in construction and operation within warehouses, health and safety are paramount. During construction, we promote a proactive safety culture with a H&S consultant providing a monthly site risk assessment. If required, we will stop works until H&S is managed. When in operation, H&S officers are present on site.

The impact of work-related stress on mental health can be severe, as is highlighted by the high rates of suicide in the construction sector. As such, we work with contractors to publicise mental health helplines on site. During operation, we encourage tenants to provide mental health support to the employees and offer to partner with them.

*Prioritise assets under development and in areas with low rates of mental health.*

## Responsible Contractor Policies

During the contractor selection stage, it is our prerogative to select a party which has the sufficient skills, experience, and resource to complete the project to an acceptable quality.

However, before signing with the party, Sunrise will conduct Customer Due Diligence to verify the identity of the business and their related parties. The party must also demonstrate that they have considered the safety and wellbeing of their employees. This includes policies such as providing living wages and benefits to their employees, a modern slavery policy, anti-corruption policy, and observing all relevant laws regarding working conditions, insurance, taxes, and safety.

*Prioritise standing assets in the design and construction phase.*

## Diversity, Equity, and Inclusion

Studies have shown the correlation between DEI and company performance, which is largely driven by the increase in productivity when employees have a sense of belonging in the workplace.

We therefore try to encourage DEI awareness in our own business and with our stakeholders. We appreciate our limited influence on counterparties' internal policies, so we focus on asking parties to report on their DEI statistics such as representation and pay, in order increase awareness of these factors.

When reporting on DEI data, the demographic of the local area should be considered so that any goals set are achievable and reflect the need of the area.

*Prioritise assets under development and especially those in proximity to residential areas.*

## Company Considerations

Within the Sunrise team, we have trained Mental Health First Aiders who are able to offer non-directive listening support to colleagues, and we provide access to counselling services and physical health benefits. We also encourage community integration through our long-term partnership with a local comprehensive school, where we provide ongoing support and career advice to students.

# Biodiversity & Nature

# Biodiversity & Nature

Well-designed landscaping and biodiversity measures can support planning consent, improve site resilience and reduce long-term maintenance and flood risk costs, as well as making developments more attractive to occupiers. In light of biodiversity regulation already in place in the UK and expected across the EU in the coming years, we also recognise the importance of futureproofing our assets and preserving value for investors, by prioritising biodiversity in our developments and protecting against fines imposed on assets which fail to obtain mandated net gains. Through our early engagement in projects during the design stage we have a great area of opportunity to improve our impact. Our goal will be to optimise green cover and protect wildlife. For each asset, opportunities and needs will vary based on the current landscape, site requirements, and other factors. We have noted some of the factors which will determine whether particular attention is needed for a given asset.

## Measuring the Baseline

It is important to first understand the biodiversity content to understand the baseline. This will allow us to recognise the impact of the development and showcase where opportunities are available.

Undertaking an initial ecological survey will provide us this baseline. During the study, if any protected species are noted on site, we will follow the consultant's recommendations on how to proceed and factor the time and cost into our business plan.

Once the baseline is established, we can calculate the feasibility of obtaining a biodiversity net gain (BNG), through systems such as the Intelligent Sustainability Management System (ISMS).

*Prioritise assets in the design stage.*

## Vegetation Selection

When approaching the design, the first stage will be to maximise the green cover of the site, from designating green areas around the site to installing green roofs.

However, to increase the longevity of the vegetation's lifespan, we understand that careful consideration needs to be taken with the vegetation selection.

For example, vegetation will be chosen which can withstand the local weather conditions, such as in areas prone to flooding or drought. Moreover, selecting native vegetation will reduce the stress on maintenance as native species requires less watering and pesticides.

*Prioritise assets in more extreme climates. See [Treezilla](#)*

## Animal Habitat Preservation

There are three main goals when considering animal habitat preservation; reduce habitat destruction on site, prevent habitat degradation offsite, and maintain habitats created on site.

The initial ecology report will determine if any actions are required to protect any wildlife on site. During the design stage, we will work with the developer to implement wildlife habitats. Examples include insect hotels, bee hives, or bird nests within the façade.

If tree felling is required on site, we avoid these works during the key nesting periods to prevent disturbing the wildlife.

*Prioritise assets in the design stage where protected species were noted.*

## Access

To maximise the benefits of biodiversity implementation, it is important for the areas to be accessible to the site users.

By simple measures such as bike paths, benches, and walkways, we encourage people to utilise the space. This in turn supports our theme of wellbeing.

*Prioritise assets in the design phase in close proximity to residential areas.*

## Offsite Implementation

Due to site constraints, it is not always possible to achieve our goals on site.

When looking off site, our two main considerations will revolve around location and type of habitat. We prioritise off-site implementation close to the development to benefit the local community with the biodiversity increase.

Our offsite gains (BNG) will provide a variety of habitats such as wetlands, peatlands, and woodlands to improve the diversification of our measures. The exact habitat will be chosen after understanding what the local nature recovery strategies are for the area.

*Prioritise assets where onsite implementation is not feasible.*

## Company Considerations

We continue to explore opportunities to promote biodiversity within our business activities but appreciate that our impact in this respect is limited.