

SUSTAINABILITY

BOARD STATEMENT

The Board of Directors is pleased to present Sasseur Real Estate Investment Trust's ("**Sasseur REIT**") third Sustainability Report, covering the financial year ended 31 December 2021 ("**FY2021**"). This report discloses Sasseur Asset Management Pte. Ltd. (the "**REIT Manager**") and Sasseur (Shanghai) Holding Company Limited's (the "**Entrusted Manager**") joint efforts in managing Sasseur REIT's environmental, social and governance ("**ESG**") impacts throughout the value chain.

In FY2021, the COVID-19 pandemic has persisted and continued to affect the recovery of the retail real estate sector. Despite the pandemic, Sasseur REIT is proud to be awarded runner-up in the Singapore Corporate Governance Award (REITs & Business Trusts) at the Securities Investors Association (Singapore) Choice Awards 2021. These awards are a testament to our efforts in being the best despite challenges faced.

Sasseur REIT remains committed to our sustainability goals and aspires to become the world's leading outlet mall REIT amidst the COVID-19 pandemic. In addition to improving our financial performance, we work towards social goals such as providing safe social spaces, enhancing product and service quality, advancing urbanisation and mitigating environmental impacts.

As part of our strategy of responding to and managing the COVID-19 pandemic, we are collaborating with key stakeholders, reinventing ways of working to emerge stronger in the evolving business landscape while ensuring the safety of everyone. To ensure the viability of our business, we work closely with our brand partners and local authorities to drive sales and support economic recovery. As the health and safety of our employees and customers are of utmost importance, we ensure compliance with governmental regulations and guidelines and have stepped up on the cleaning and disinfection of our outlets and offices. We are committed to safeguarding the physical and mental well-being of our employees and supporting local communities in tiding over these difficult times.

The pandemic has also highlighted the importance of sustainability and stakeholders are placing more focus on sustainable developments. Sasseur REIT continues to strengthen its sustainability focus and will play its part to build on past sustainability initiatives, increasing transparency and staying committed to its sustainability goals. We will also continue to work with various stakeholders to understand their key concerns and how sustainability issues impact our business.

To align our business objectives with our sustainability goals, especially as the pandemic has elevated the importance of ESG issues, the Board considers sustainability issues as part of the strategic formulation of Sasseur REIT's business plans. The Board sets the strategic direction and goals in ensuring strong corporate governance, fair employment practices and efficient consumption of resources, on top of delivering robust financial results. The material ESG factors presented in this report have been revalidated to be relevant for the current year by the Board, who is responsible for overseeing the management and monitoring of these ESG issues.

We remain vigilant in upholding our commitments towards sustainability while creating long-term value for our stakeholders.

ABOUT SASSEUR REIT

Sasseur REIT is the first outlet mall REIT listed in Asia. As of 31 December 2021, Sasseur REIT has a portfolio of four outlets located in Chongqing, Bishan, Hefei and Kunming. Sasseur REIT is managed by Sasseur Asset Management Pte. Ltd., while Sasseur (Shanghai) Holding Company Limited act as the Entrusted Manager. The REIT Manager's main responsibility is to manage Sasseur REIT's assets and liabilities for the benefit of unitholders. Under the Entrusted Management Agreements, the Entrusted Manager manages the end-to-end operations of the Properties for and on behalf of the PRC Property Companies. Striving for constant improvement and exceptional performance, the REIT Manager and Entrusted Manager work closely together through regular meetings and sharing of information via various digital platforms to communicate on a real-time basis on leasing activities, business plans and consumer trends.

The REIT Manager is an indirect wholly-owned subsidiary of Sasseur Cayman Holding Limited (the "**Sponsor**"), a part of the Sasseur group (the "**Sponsor Group**") which is one of the leading premium outlet operators in the People's Republic of China ("**PRC**"), ranked 283rd place among the top 500 service companies in the PRC in 2021, an improvement from 304th place in 2020. With more than 30 years of experience in Art Commerce, the Sponsor Group is recognised in Asia as a leading outlet operator who adopts a strategic approach of integrating aesthetics, emotions, sense of place and capital management, based on its "A x (1+N) x DT" Super Outlet business model. Through its business model, the Sponsor Group provides multidimensional social ecosystems within its outlets by merging art, outlet shopping, social spaces, and the use of data technology.

ABOUT THIS REPORT

REPORTING FRAMEWORK

This report has been prepared in accordance with the sustainability reporting requirements of the SGX-ST Listing Rules 711A and 711B and the Global Reporting Initiative ("**GRI**") Standards: Core option. The GRI Standards were selected as it is an internationally recognised reporting framework. It covers a comprehensive range of sustainability disclosures that is suited to Sasseur REIT's industry and business model.

REPORTING PERIOD AND SCOPE

The reporting period covered in this report is from 1 January 2021 to 31 December 2021.

Unless otherwise stated, this report covers the following entities:

- Sasseur REIT
- The REIT Manager
- The Entrusted Manager
- Sasseur REIT's portfolio of properties in Chongqing, Bishan, Hefei and Kunming.

The remaining entities within the trust structure are excluded from the report as there are no employees within these entities.

For performance related to environmental factors (energy and water), the data disclosed covers Sasseur REIT's portfolio of properties in Chongqing, Bishan, Hefei and Kunming. Employee-related performance data disclosed in this report covers the employees of the REIT Manager and the Entrusted Manager.


No external assurance was sought for this report. External assurance by independent professional bodies will be considered as our reporting matures over time.

FEEDBACK




The REIT Manager values and welcomes all feedback from stakeholders as they are integral to the continuous improvement of our sustainability practices and reporting. Please send all comments and suggestions to ir@sasseurreit.com.

SUSTAINABILITY

SUSTAINABILITY OVERVIEW

| ESG FACTORS | INDICATOR | FY2021 PERFORMANCE | TARGETS FOR FY2021 | TARGETS FOR FY2022 |
|--|---|--|--|--|
| Governance - Regulatory Compliance  | Anti-bribery, corruption, and fraud¹ | | | |
| | Instances of bribery, corruption and fraud reported | <u>REIT Manager and Entrusted Manager</u> Zero instances of bribery, corruption and fraud <u>Entrusted Manager</u> Conducted 7 criminal risk prevention trainings for key personnel | <u>REIT Manager and Entrusted Manager</u> Achieved - Zero tolerance towards bribery, corruption and fraud, and compliance with applicable laws and regulations <u>Entrusted Manager</u> Achieved - Provide one or more relevant training to key personnel | <u>REIT Manager and Entrusted Manager</u> Zero tolerance towards any acts of bribery, corruption, and fraud, and comply with applicable AML, Combating the Financing of Terrorism (“CFT”) and unilateral and domestic laws and regulations. <u>Entrusted Manager</u> Conduct one or more criminal risk prevention training to key personnel |
| | Socioeconomic and environmental compliance | | | |
| Non-compliance with laws and/or regulations in the socioeconomic and environmental areas | <u>REIT Manager and Entrusted Manager</u> Zero instances of socioeconomic and environmental non-compliance <u>Entrusted Manager</u> Conducted 6 legal risk prevention trainings on release of public information for key personnel | <u>REIT Manager and Entrusted Manager</u> Achieved - Zero socioeconomic and environmental non-compliance <u>Entrusted Manager</u> Achieved - Enhance the Risk Assessment Model Achieved - Conduct three or more relevant trainings to key personnel | <u>REIT Manager and Entrusted Manager</u> Zero cases of fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social, economic, and environmental areas <u>Entrusted Manager</u> Provide three or more legal risk prevention trainings on release of public information to key personnel Provide one or more risk management training to key personnel | |

1 Non GRI aspect.




| ESG FACTORS | INDICATOR | FY2021 PERFORMANCE | TARGETS FOR FY2021 | TARGETS FOR FY2022 |
|--|--|---|--|--|
| Governance - Regulatory Compliance  | Responsible business practices¹ | | | |
| | Instances of counterfeit reports | <u>Entrusted Manager</u> Zero instances of counterfeit reports | <u>Entrusted Manager</u> Achieved - Ensure that authentic high-quality products are sold at Sasseur REIT outlets | <u>Entrusted Manager</u> Ensure that authentic high-quality products are sold at Sasseur REIT outlets |
| | Cyber security¹ | | | |
| | Instances of customer data loss | <u>REIT Manager and Entrusted Manager</u> Zero instances of customer data loss | <u>REIT Manager and Entrusted Manager</u> Achieved - Strengthen our cyber security capabilities to protect data | <u>REIT Manager and Entrusted Manager</u> Strengthen our cyber security capabilities to protect our data Adopt measures to heighten our ability to monitor any potential cyber-attacks and threats of data breach, formalising preventive measures before these risks become a significant event <u>REIT Manager</u> Conduct an IT security awareness training for employees and Board of Directors annually |
| Environmental - Energy  | Energy Consumption | | | |
| | Energy consumption within the organisation | <u>Entrusted Manager</u> 206,722 GJ (↑FY2020: 174,771GJ) | <u>Entrusted Manager</u> Not achieved - Reduce energy intensity by 1% from FY2020 ² | <u>Entrusted Manager</u> Reduce the total energy consumption or energy intensity by 1% from FY2021 |
| Energy intensity | <u>Entrusted Manager</u> 0.45 GJ/m ² (↑FY2020: 0.38 GJ/m ²) | | | |
| Environmental - Water  | Water Management | | | |
| | Water withdrawal | <u>Entrusted Manager</u> 613.14 ML (↑FY2020: 291.7ML) | <u>Entrusted Manager</u> Not achieved - Reduce water intensity by 1% from FY2020 ³ | <u>Entrusted Manager</u> Reduce water intensity by 1% from FY2021 |
| Water intensity | <u>Entrusted Manager</u> 1.34 m ³ /m ² (↑FY2020: 0.64 m ³ /m ²) | | | |

1 Non GRI aspect.

2 Refer to "Energy Consumption" on page 93 for a detailed explanation.

3 Refer to "Water Consumption" on page 96 for a detailed explanation.

SUSTAINABILITY

| ESG FACTORS | INDICATOR | FY2021 PERFORMANCE | TARGETS FOR FY2021 | TARGETS FOR FY2022 |
|--|--|---|--|--|
| Social – Talent Management and Retention  | Diversity and equal opportunity | | | |
| | New employee hire rate | <u>REIT Manager and Entrusted Manager</u> 60% | <u>REIT Manager and Entrusted Manager</u> Achieved - Continue practicing fair employment | <u>REIT Manager and Entrusted Manager</u> Continue fair employment practices |
| | Employee turnover rate | <u>REIT Manager and Entrusted Manager</u> 41% | Not achieved - Maintain or increase average training hours per employee ⁴ | Maintain or increase average training hours per employee |
| | Competitive Compensation | | | |
| | Percentage of employees receiving regular performance and career development reviews | <u>REIT Manager and Entrusted Manager</u> 100% | <u>REIT Manager</u> Not achieved - Launch a new leadership development programme ⁴ | <u>Entrusted Manager</u> In the e-learning system, complete the creation of a “Sasseur Encyclopedia”, documenting past cases for learning |
| | Training and Career Development | | | |
| Average hours of training per year per employee | <u>REIT Manager and Entrusted Manager</u> 3.11 hours <u>REIT Manager</u> 25.5 hours <u>Entrusted Manager</u> 2.32 hours | Not achieved - Introduce a new e-learning system to improve training accessibility and frequencies ⁴ <u>Entrusted Manager</u> Achieved - Standardise performance reviews | Continually improve the standardisation of performance reviews of employees | |
| Social – Local Communities (Additional Disclosure)  | Community development initiatives and contributions | <u>REIT Manager</u> SGX Bull Charge Virtual Charity Run 2021 <u>Entrusted Manager</u> Sasseur (Chongqing Liangjiang) Outlets and Sasseur (Chongqing Bishan) Outlets: Donation campaign for breast cancer | N/A ⁵ - Continue to plan and organise more partnerships to drive greater positive changes in the communities, making volunteerism an intrinsic part of Sasseur Group’s work culture | N/A ⁵ |
| Managing the impacts of COVID-19 (Additional Disclosure)  | Continuing stakeholder engagement and communication | | N/A ⁵ | N/A ⁵ |
| | Complying with relevant governmental guidelines and health advisories | | | |
| | Putting people first: health and safety, mental well-being | | | |
| | Strengthening business resilience and revitalising local economies | | | |

4 Refer to “Training and Career Development” on pages 103 and 104 for a detailed explanation.

5 Target-setting is not required as this is a non-material disclosure.

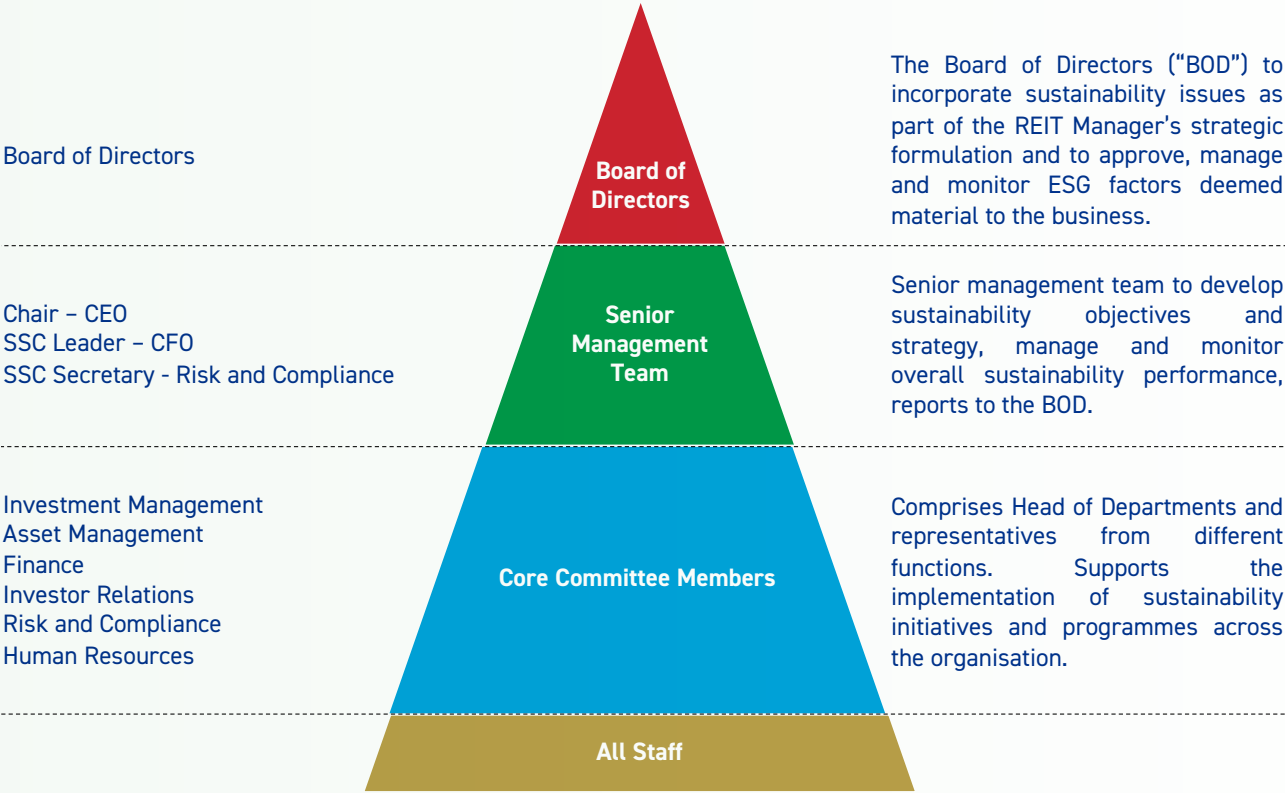
MANAGING SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

The REIT Manager and Entrusted Manager recognise that an effective and healthy corporate governance culture is critical to Sasseur REIT’s performance and reputation. Climate-related issues are taken into consideration when the Board reviews the strategies of Sasseur REIT.

The Board oversees the management of Sasseur REIT’s sustainability performance, with support from the Sustainability Steering Committee (“SSC”). The SSC plays a leading role in developing Sasseur REIT’s sustainability objectives and strategies as well as monitoring and driving sustainability performance and responsible business practices.

The SSC meets when required, and reports material developments to the Board when necessary. It is led by the Chief Executive Officer (“CEO”), with Core Committee Members from the Investment Management, Asset Management, Finance, Investor Relations, Risk and Compliance, and Human Resources functions. Refer to the figure below for Sasseur REIT’s sustainability governance structure.









Sasseur REIT’s sustainability governance structure

SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

To address our stakeholders' concerns and expectations, we remain committed to open dialogue and frequent stakeholder engagements throughout the year which facilitate the continuous improvement of our operations. The table below details our engagement activities with our key stakeholders.

| KEY STAKEHOLDER GROUPS | RELEVANCE TO SASSEUR REIT | KEY ENGAGEMENT MODES | KEY INTERESTS OF STAKEHOLDERS |
|--|---|---|---|
|  <p>Investment Communities Investors, Analysts and Media</p> | <ul style="list-style-type: none"> The REIT Manager is committed to provide accurate and timely disclosure We are proactive in engaging investors, analysts, and media through regular two-way communications | <ul style="list-style-type: none"> Half-yearly and full year financial reporting Business and operational updates Annual General Meeting Bilateral communications via emails, calls, and meetings Sasseur REIT website Investor conferences Non-deal roadshows Webinars | <ul style="list-style-type: none"> Financial and operational performance Business strategy and outlook Capital and risk management Corporate governance |
|  <p>Tenants</p> | <ul style="list-style-type: none"> Tenants are key to the success of the business as their goods and services attract customers to the outlets, thus contributing to the sales and income for Sasseur REIT | <ul style="list-style-type: none"> Knowledge sharing sessions Training sessions conducted by the Entrusted Manager for promoters of tenants Meetings and discussions to review sales targets set for the year, stock inventories for promotional activities | <ul style="list-style-type: none"> Good property maintenance to enhance shoppers' experience Mall publicity through collaborative promotional activities planned for the year Good flow of shopper traffic Strategic partnership, online projects, new product launches, discounts, VIP membership etc. |
|  <p>Shoppers</p> | <ul style="list-style-type: none"> Shoppers are crucial to the economic viability of the outlet business | <ul style="list-style-type: none"> Enquiries and feedback through Customer Service Centre Marketing and promotional events Sasseur Group website Social media Loyalty programmes | <ul style="list-style-type: none"> Quality products Availability of promotion campaigns Diversity of retail mix Safe and clean environment Family-friendliness Membership benefits |
|  <p>Government and authorities</p> | <ul style="list-style-type: none"> Sasseur REIT complies with the rules and regulations set by the local government and authorities | <ul style="list-style-type: none"> Communication and consultations with government agencies and authorities Co-organised community engagement projects | <ul style="list-style-type: none"> Compliance with regulatory requirements Contributions to industry/community Good corporate governance Environmental impact |

| KEY STAKEHOLDER GROUPS | RELEVANCE TO SASSEUR REIT | KEY ENGAGEMENT MODES | KEY INTERESTS OF STAKEHOLDERS |
|---|--|---|--|
|  <p>Employees</p> | <ul style="list-style-type: none"> • People drive our business growth and success. We strive to have a diverse, safe, and healthy work environment for our employees to perform in their work | <ul style="list-style-type: none"> • Orientation programmes for new joiners • Employee appraisals • Employee townhall and 360-degree feedback sessions • Training and career development programmes • Team cohesion activities • Internal staff communication and newsletters | <ul style="list-style-type: none"> • Fair employment practices • Good corporate governance • Skills development and career progression • Employee welfare management |
|  <p>Local Communities</p> | <ul style="list-style-type: none"> • We seek to contribute back to the local communities as part of our corporate social responsibility | <ul style="list-style-type: none"> • Employee voluntarism • Social entrepreneurship | <ul style="list-style-type: none"> • Contributions to community |

DELIVERING EXCEPTIONAL VALUE

In 2021, Sasseur REIT received multiple accolades and awards in recognition of our achievements.

Some examples are listed below:

- Awarded the Corporate Excellence and Resilience Award at the Singapore Corporate Awards 2020/2021 (Special Edition).
- Awarded the runner-up in the Singapore Corporate Governance Award (REITs & Business Trusts) at the Securities Investors Association (Singapore) Choice Awards 2021.
- Awarded Best Governed and Transparent Company (Gold) and Best Corporate Communications & Investor Relations (Gold) awards at the Global Good Governance Awards organised by The Pinnacle Group International. This is a testament to Sasseur REIT's strong track record of financial disclosure, transparency, and corporate governance.
- Nominated for the Best Annual Report (Small Cap) in 2020 and Best IR Website in 2021 amongst listed companies in the South East Asia region and was awarded a Certificate for Excellence in Investor Relations by the IR Magazine Awards – South East Asia 2021.
- Included as one of the 95 listed companies in the SGX Fast Track Programme which recognises listed companies that have a strong track record in corporate governance and have maintained a good compliance track record.
- Ranked 17th place in the Singapore Governance and Transparency Index 2021 (REIT's and Business Trust Category) compared to 25th place in 2020.
- Ranked 20th place in the Governance Index for Trusts 2021 compared to 34th place in 2020.



Ms Cecilia Tan (CEO) with the Corporate Excellence and Resilience Award



Singapore Corporate Governance Award 2021

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MATERIALITY ASSESSMENT

Sasseur REIT has been conducting materiality assessments to identify the ESG issues that are of significant relevance to Sasseur REIT and its stakeholders annually since 2019, guided by the GRI Principles of Materiality and Stakeholder Engagement.

The materiality assessment process started with the identification of material factors relevant to Sasseur REIT, strategically reviewed to ensure alignment with Sasseur REIT’s business strategies. In order to address key stakeholders’ concerns, the material factors were prioritised based on Sasseur REIT’s existing risk analysis and disclosures, global and local emerging trends, peer benchmarking and internal stakeholder views.

In 2021, a materiality assessment was conducted and Sasseur REIT refreshed its material factors to ensure relevance. The material factors identified in the prior year were deemed to be relevant in the current year by the REIT Manager, approved by the Board. The following table summarises Sasseur REIT’s material factors.

| FOCUS AREAS | MATERIAL SUSTAINABILITY MATTERS |
|--------------------|---|
| Governance | Regulatory Compliance |
| Environment | Energy consumption |
| | Water management |
| Focusing on People | Talent Retention and Training |
| | Local Communities (Additional Disclosure) |
| COVID-19 | Managing the Impacts of COVID-19 (Additional Disclosure) ⁶ |

MANAGING THE IMPACTS OF COVID-19⁶

The outbreak of COVID-19 in 2020 has presented the retail sector globally, including China, with unprecedented challenges. The immediate impact was one of a public health crisis where Sasseur Group, and the REIT Manager respectively took measures to safeguard the health and safety of its key stakeholders such as employees and customers, implemented relevant measures to minimise business disruptions and accelerated the pace of organisational reforms and invested in the training and upskilling of its employees. All of these efforts are aimed at future-proofing the business for long-term sustainable growth.

At the core of our strategies in managing the ongoing effects of the COVID-19 pandemic is “putting people first” and strengthening business resilience.

⁶ This is an additional disclosure, not a material factor due to the temporary nature of a disease outbreak.

(a) Putting people first

Human resource is one of the most important assets in both the Sponsor and the REIT Manager. Therefore, it is imperative that we look after the well-being of our employees and create a safe and conducive working environment. We also take steps to safeguard the health and safety of customers, suppliers and tenants as needed.

To safeguard the health and well-being of our employees and customers, we comply with governmental guidelines and health advisories, such as having quarterly professional deep cleaning and increasing the disinfection of high touch points in the outlets and offices, conducting temperature taking for employees and visitors and observing safe distancing measures. The Entrusted Manager has also set up a special committee comprising key management personnel who are in charge of staying updated on advisories rolled out by the Chinese government, as well as outbreaks in various affected areas which will lead to travelling restrictions.

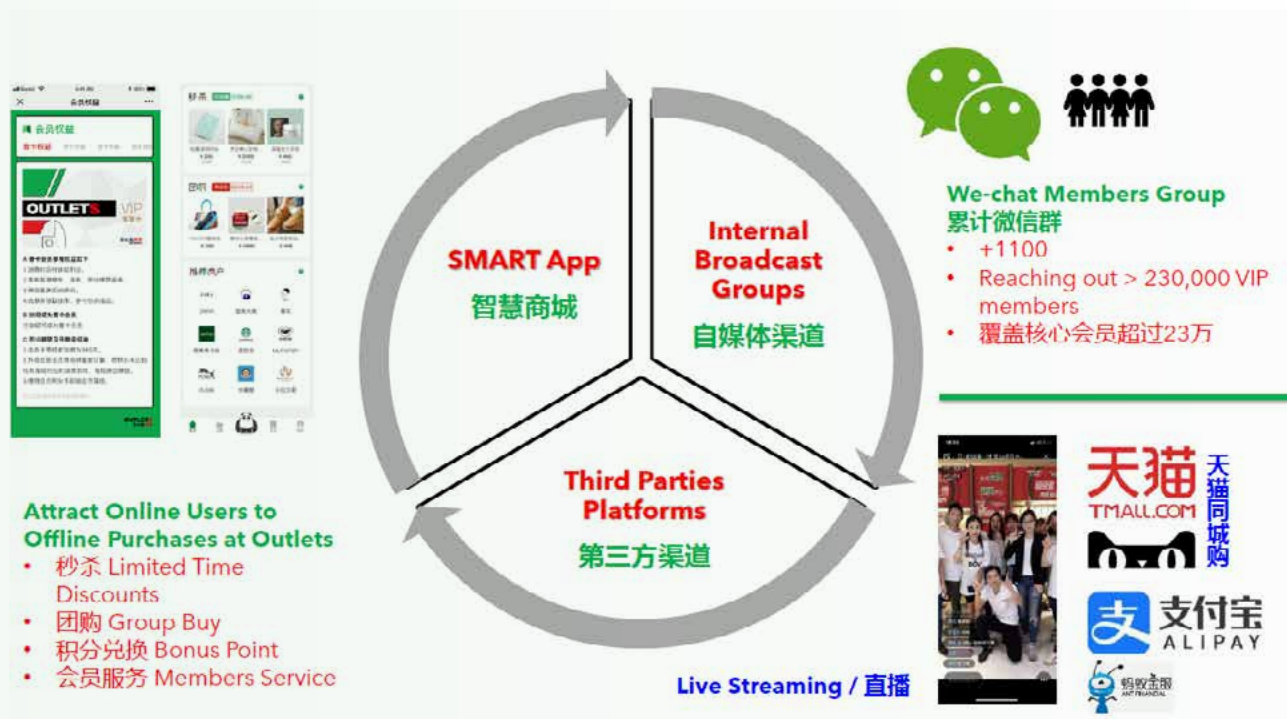
Furthermore, employees of the REIT Manager were allowed to work from home until further notice, placing the well-being of the team at top priority. The team can return to the office

for essential matters while following the COVID-19 guidelines set in place to reduce exposure. The REIT Manger conducted weekly team calls and department calls to coordinate work matters. The Human Resource Department regularly check in on staff wellness through WhatsApp or phone calls.

(b) Strengthening business resilience

The REIT Manager has a Business Continuity Plan ("BCP") which provides a framework to identify, respond to and recover from an event which interrupts normal business operations. It sets out clear guidelines and procedures to be adhered to by employees to restore the orderly and expeditious operations of the REIT Manager in the event of a disruption, major incident and/or crisis. This is aimed at strengthening the responsiveness and resilience of the REIT Manager's operations.







As part of Sasseur Group's initiatives to stay connected and relevant during the pandemic, a digital Eco-Environment Framework was developed. This framework includes a SMART App, internal broadcast groups and third parties' platforms, seen below:



Sasseur Group Eco-Environment Framework

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Online platforms are also utilised as a response strategy to mitigate the impact of the COVID-19 pandemic and to increase the long-term resilience and sustainability of the outlet business. The table below describes the 6 channels used to promote and compliment outlet sales:

| CHANNEL | FEATURES | VALUE PROPOSITION |
|--|--|--|
|  Ye ao lai zhi bo (夜奥莱直播) | Official online shopping live streaming platform. | Simultaneously sell products online to increase exposure and sales. |
|  企业微信 WeCom | Official fans and customers can gather to exchange and share information. It also serves as an after-sales platform. | Platform that generates publicity and can be used to service customers. Provides an optimal shopping experience for customers to view products and discounts available, engaging customers to stay on longer. |
|  视频号 WeChat | Share content and goods in the form of videos. | There are a large number of people using WeChat in China, hence the large audience base makes it an efficient channel to promote items and generate publicity. |
|  Xiaohongshu | Social media and e-commerce platform. | Attract youths who are looking for trendy items as this platform is popular among the younger crowd. |
|  Weibo | Official voice and information platform. | Used as a means to build online presence through communication and exchanges with multiple parties. |
|  Dou Yin | Share content of goods and discounts in the form of videos. | Popular amongst youths, videos are used to boost sales through sharing information on the malls, promoting the brands and developing an e-commerce presence for stores. |

GOVERNANCE

REGULATORY COMPLIANCE

We believe that an ethical business conduct, coupled with compliance with laws and regulations, are fundamental in building and maintaining trust among our stakeholders. Sasseur REIT upholds high standards of corporate governance by actively managing our compliance risks through the Compliance Monitoring Programme. We also conduct our business with integrity, review and update our policies and procedures, and provide timely updates to the Board of Directors on applicable laws and regulations. Regulatory compliance in the REIT Manager and Entrusted Manager is governed by the Risk and Compliance Department and Legal and Compliance Department respectively.

The table below presents a summary of the key governance policies and initiatives that the REIT Manager and Entrusted Manager have implemented.

| POLICIES AND INITIATIVES | |
|--|---|
| Policy on anti-bribery, corruption, and fraud | <p>Employees are required to abide by the Employee Code of Conduct, which sets out the expected conduct of all employees and provides guidance on issues including the prohibition of accepting gratuities, anti-bribery, management of conflicts of interest and anti-corruption.</p> <p>The Individual Accountability and Conduct Framework was written with reference to the MAS Guidelines on Individual Accountability and Conduct. The Framework focuses on achieving two key outcomes being (a) ethical business practices that safeguard unitholders' interests and ensure fair treatment; and (b) prudent risk-taking behaviour and robust risk management that supports the REIT Manager's safety and soundness.</p> <p>The Personal Account Dealing Policy sets out the procedures to all Directors and employees of the REIT Manager with regards to dealings in Sasseur REIT and aims to prevent insider trading through effective trading restrictions on dealings in securities. Directors and the CEO are also required to submit monthly declarations relating to changes in their business interests and shareholdings.</p> <p>The Conflict of Interest Policy provides a framework to provide guidance to the Board of Directors, Audit and Risk Committee ("ARC"), executive officers and employees of the REIT Manager on dealing with conflict of interest issues.</p> <p>The Interested Person Policy sets out the procedures to identify interested person / party transactions and highlights the relevant announcement, approval, and disclosure requirements. The Entrusted Manager's Legal and Compliance Department conducts investigations on related party transactions on a quarterly basis.</p> <p>The Anti-Money Laundering Manual assists the REIT Manager in understanding its legal and regulatory obligations as well as the internal policies and procedures instituted by the REIT Manager when conducting its business.</p> <p>Employees are required to declare gifts and entertainment, Fit and Proper⁷, and conflict of interest.</p> <p>The REIT Manager has also established a Whistle-Blowing Policy which provides a framework to encourage the REIT Manager's employees and stakeholders such as customers, suppliers, and service providers to report any concern or complaint, possible improprieties in matters of financial reporting, and other malpractices. The Whistle-Blowing Policy is available on Sasseur REIT's website at https://www.sasseurreit.com/whistle-blowing.html.</p> <p>Performance achieved for FY2021:</p> <p>There were zero instances of bribery, corruption and fraud reported during the year.</p> <p>In addition, the Entrusted Manager conducted 7 criminal risk prevention trainings for key personnel.</p> <p>Targets for FY2022:</p> <p>Zero tolerance towards any acts of bribery, corruption, and fraud, and comply with applicable AML/CFT and unilateral and domestic laws and regulations.</p> <p>In addition, the Entrusted Manager aims to provide one or more criminal risk prevention training to key personnel.</p> |

⁷ The REIT Manager's employees and directors are required to provide a Fit and Proper Criteria Declaration at their onboarding and on an annual basis.

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POLICIES AND INITIATIVES

Policy on compliance with laws and regulations

The management keeps abreast of changing regulatory requirements by actively monitoring government updates and manages our compliance risks through timely disclosure of material information and submissions to regulators. To keep pace with changes to regulations and accounting standards, where these changes have an important bearing on the disclosure obligations of the REIT Manager or its Directors, the Directors are briefed either during Board meetings or at specially convened sessions involving the relevant advisers and professionals, if necessary, or via circulation of Board papers.

The REIT Manager's Outsourcing Risk Management Framework sets out the procedures for identifying, measuring, mitigating, and controlling the potential risks from the use of service providers as well as to ensure the continuity of the outsourced arrangement.

Sasseur REIT has a Compliance Manual which documents the requirements under the SGX Mainboard Listing Rules and Code on Collective Investment Schemes that are applicable to Sasseur REIT. Since the REIT Manager is a holder of a Capital Markets Services Licence ("CMSL") for REIT Management and regulated by the Monetary Authority of Singapore ("MAS"), the Compliance Manual also documents the requirements under the Securities and Futures Act ("SFA"), as well as the accompanying regulations, notices, guidelines, and circulars applicable to the REIT Manager.

Regular trainings were conducted for relevant personnel to ensure that they understand and abide by laws and regulations. For example, the CMSL representatives from the REIT Manager attend a yearly compliance training to keep abreast on applicable updates. As at 31 December 2021, the REIT Manager has 10 CMSL representatives, of whom, 3 CMSL representatives have at least 5 years of experience relevant to trust management.

Within the Entrusted Manager, a Legal and Compliance Department is set up to review publicly released information, conduct internal trainings as well as compliance inspections. All 4 outlets are subjected to periodic inspections, where a "Compliance Audit Report" will be produced. Any non-compliance matters raised will be investigated and reported to the Legal and Compliance Department of the Entrusted Manager and the Risk and Compliance Department of the REIT Manager for timely reviews and resolutions.

In 2021, the Entrusted Manager's Legal and Compliance Department revised the Compliance Manual to ensure compliance with relevant laws and regulations. A securities account registration mechanism and an employee transaction review mechanism were also added.

Performance achieved for FY2021:

There were zero cases of fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social, economic, and environmental areas.

In addition, the Entrusted Manager conducted 2 risk management trainings and 6 legal risk prevention trainings on release of public information for key personnel.

The Legal and Compliance Department of the Entrusted Manager developed legal risk prevention trainings on release of public information and carried out the training for the operations and planning departments.

The Entrusted Manager also enhanced its risk assessment model. Four new types of risk management items have been added, namely corporate governance organisational structure, business scope, anti-unfair competition, and corporate information disclosure.

Targets for FY2022:

Zero cases of fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social, economic, and environmental areas.

In addition, the Entrusted Manager aims to provide three or more legal risk prevention trainings on release of public information and one or more risk management training to key personnel.

POLICIES AND INITIATIVES

Policy on responsible business practices

Customers are naturally concerned about their experiences and quality of goods and services when shopping with us.

We are committed to fair dealing practices for our customers and have taken the following proactive steps which includes:

- Performing regular inspections on items sold in our outlets with rigorous due diligence processes.
- Ensuring our employees are properly trained with high service standards in handling complaints to ensure that customer feedback and concerns are investigated and resolved in a timely, effective, and fair manner.
- Outlets' exceptional return and refund policies that provide assurance and helps build trust in our outlets. This includes instituting severe penalties on merchants as safeguards against the sale of fake goods.

Performance achieved for FY2021:

There were zero instances of counterfeit reports during the year, ensuring that only authentic high-quality products are sold at our outlets.

Targets for FY2022:

We will continue to ensure that authentic high-quality products are sold at our outlets, which are fundamental to our reputation and licence to operate.

Policy on Cyber Security

Sasseur REIT recognises the increased risk of cyber-attacks and hence places high importance on cyber security in the organisation. We continuously strive to strengthen our IT infrastructure, ensuring that personal data are used or maintained in a responsible manner and in compliance with regulations.

In order to maintain the integrity and availability of the data environment, the REIT Manager has an Information Security Policy which defines the technical controls and security configurations that users and IT administrators are required to implement. It also provides users with policies and guidelines regarding the acceptable use of the REIT Manager's technology equipment and email.

In addition, the REIT Manager has a Handling of Confidential Information Policy, which sets out the procedures on information classification based on the sensitivity of information, providing guidance to employees on handling confidential information. The REIT Manager also ensures compliance with the Personal Data Protection Act.

Performance achieved for FY2021:

There were zero instances of customer data loss during the year.

In FY2021, the REIT Manager organised an IT Security Awareness Training which was attended by the Board of Directors and employees.

We also strengthened our cyber security capabilities to protect our data by adopting measures to heighten our ability to monitor any potential cyber-attacks and threats to breach of data. This includes a technology risk management audit conducted for the REIT Manager against the MAS Guidelines on Technology Risk Management, formalising preventive measures before risks become significant events.

Targets for FY2022:

Continue to strengthen our cyber security capabilities to protect our data.

We will also adopt measures to enhance our ability to monitor any potential cyber-attacks and threats to breach of data, formalising preventive measures before they become a significant event.

The REIT Manager aims to conduct an IT Security Awareness Training for employees and Board of Directors annually.

SUSTAINABILITY

ENVIRONMENT

Sasseur REIT is committed to identifying and responding to climate change and other environmental risks. We strive to minimise the environmental footprint of the operations at our portfolio of properties.

To effectively monitor and implement our energy and water management processes, the Sasseur Group developed a Smart Property Management System which was successfully rolled out at the Sasseur (Guiyang) Outlets. The system leverages on the Internet of Things to monitor and analyse property equipment and resource consumption data, enabling timely maintenance and standardisation of improved processes across all our outlets. Sasseur Group is refining the system and working towards its implementation across all the outlets managed by Sasseur Group, including the four outlets under Sasseur REIT.

ENERGY CONSUMPTION

Due to the phenomenon of climate change, energy and related carbon emissions are issues of global concern. Internally, efficient use of energy can reduce the organisation's operating costs and carbon footprint. Stakeholders are interested in Sasseur REIT's commitment to energy and its associated greenhouse gas ("GHG") emissions. To mitigate climate change, the Entrusted Manager seeks to reduce energy consumption within the outlets through continuous monitoring, process optimisation and behavioral change.

The Entrusted Manager abide by its Standard Operating Procedure ("SOP") Guidelines for Energy Conservation Management, established based on best practices in energy usage such as adjusting air-condition temperature and exterior lighting operation timing in relation to seasonal changes. The SOP is reviewed annually to maintain its relevance, with the Safety and Quality Department conducting quarterly inspections of all the outlets to ensure adherence to the SOP.

An in-house energy saving team within the Entrusted Manager's Property Management Department was also set up, which regularly monitors and reviews the energy consumption. Energy budget is included as a part of the annual budget of the outlets, thus setting targets for the operating team on the ground.

Within the outlets, the Entrusted Manager keeps a close watch on the energy usage for prompt identification of abnormalities by monitoring energy consumption every 2 hours through inspections and recording of equipment operating data to ensure optimal operating conditions. Every 4 hours, inspections are conducted at all the power distribution rooms. Tracking energy usage, the Engineering team runs analytical reviews on the monthly energy consumptions, comparing the data with the previous periods and budgets to assess energy performance of the outlets.

Regular inspections by professionals of the Maintenance Department ensures that all equipment meet design standards and energy-saving requirements. Furthermore, financial cost analysis of equipment usage is conducted to provide energy-saving test reports.

In addition, the Entrusted Manager also works closely with the tenants to manage energy usage responsibly. At tenants' monthly meetings, employees from the Entrusted Manager's Business Management Department will advocate energy-saving and emission reduction initiatives. During tenants' renovation, the Entrusted Manager review their renovation plans and recommend them to use energy-saving lamps to reduce energy consumption. Daily checks are also conducted by the Property Management Department to ensure that the tenants' main power switches and gas valves are closed after operating hours.

Energy consumption efforts undertaken by all the outlets in 2021 are listed below.

At **Sasseur (Chongqing Liangjiang) Outlets**, the temperature control board of the air-conditioner in each store has been uniformly transformed and installed. The Engineering Department will uniformly switch and control the temperature, carrying out energy conservation and consumption reduction management, thereby saving more than 200,000 kWh of electricity every year.

At **Sasseur (Chongqing Bishan) Outlets**, shop control panels are uniformly set at 26°C and the coil power in vacant areas are turned off. Other initiatives include:

Electricity:

- Central air-conditioning host sets the inlet and outlet water temperature according to the weather conditions.
- Cooling tower with compressors that will switch on and off based on timing and surrounding temperatures. For example, the compressors are switched off 1 hour before the outlet closes.

Water pump:

- The water pump operation timing is controlled according to the weather conditions and inlet and outlet water temperature.
- The main engine for the air-conditioning and water pump will be switched off one hour in advance to let the chilled water pump continue to circulate, ensuring that the outlet is still cool after operating hours.

Gas boiler:

- Energy is saved by controlling the outlet's gas boiler temperature according to the weather.
- The gas boiler will be shut down one hour in advance and will continue circulating if the water pump is not shut down.
- The upper limit of the temperature is set according to weather. One boiler will be turned on if the temperature is above 10°C and two boilers if the temperature is below 10°C.
- In total, 4 months of heating was required in a year and with 1,000m³ of gas saved per month, a total of 4,000m³ of gas was saved in a year.

In **Sasseur (Hefei) Outlets**, energy-saving measures include:

- According to the change of seasonal power load, the number of operating transformers is adjusted to reduce the power loss of transformers. There are 8 months in a year where 12 transformers are adjusted to 6 transformers, saving 70,000kWh per annum.
- The floating valve inside the water tank is regulated to reduce water usage.
- The air-conditioning water supply is changed from the dedicated water tank for secondary water supply to the domestic water tank for pressurized water supply, reducing the annual cleaning of air-conditioning water tanks and thus reducing water consumption by 300m³.

In **Sasseur (Kunming) Outlets**, frequency converters were added to 6 air-conditioning circulating water pumps, saving 4,580 kWh of electricity per month and 55,000 kWh of electricity throughout the year.

Performance achieved for FY2021:

In 2021, the 4 outlets consumed 206,722 giga joules ("GJ") of energy in total. Electricity usage accounted for more than 91.75% of total energy consumption, together with other energy sources including 8.24% natural gas⁸ and 0.01% diesel. Energy intensity was 0.45 GJ/m² of net operating area, an 18.42% increase from 2020.

Sasseur REIT was unable to meet the FY2021 target due to the following reasons:

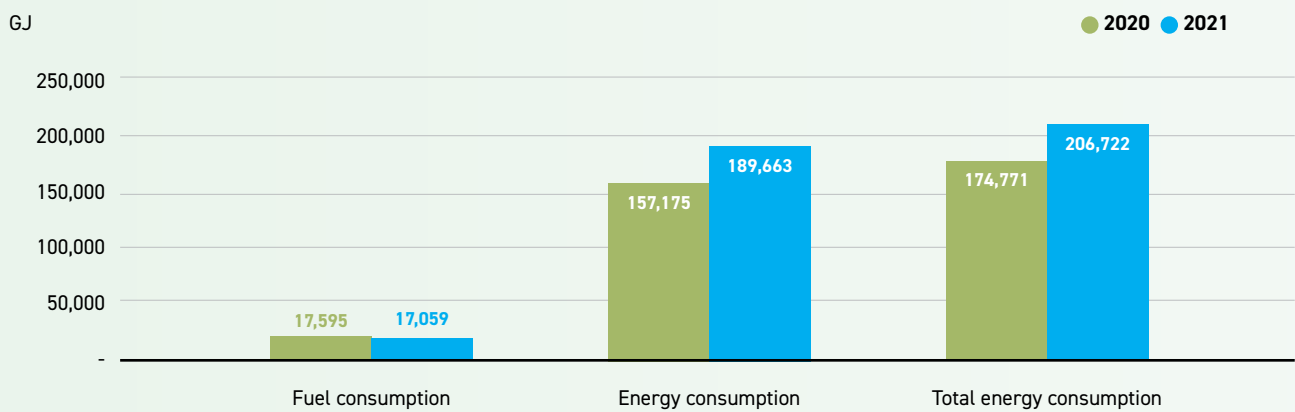
- In 2020, all 4 outlets suspended operations for almost 1.5 months due to the severe outbreak of the COVID-19 pandemic, resulting in a lower absolute consumption for 2020 as compared to 2021.
- In 2021, asset enhancement initiatives, which requires higher electrical usage, were carried out at Sasseur (Chongqing Liangjiang) Outlets and Sasseur (Chongqing Bishan) Outlets. This included massive civil and engineering works such as re-routing the driveway, converting office space to retail space, fire system overhaul, as well as the installation of façade LED display.
- The higher energy usage is also attributed to more re-configuration works being carried out in shop units across the four outlets.

⁸ For our Kunming outlet, natural gas is used for cooking purposes only. For the rest of our three outlets, natural gas is used for cooking and heating purposes.

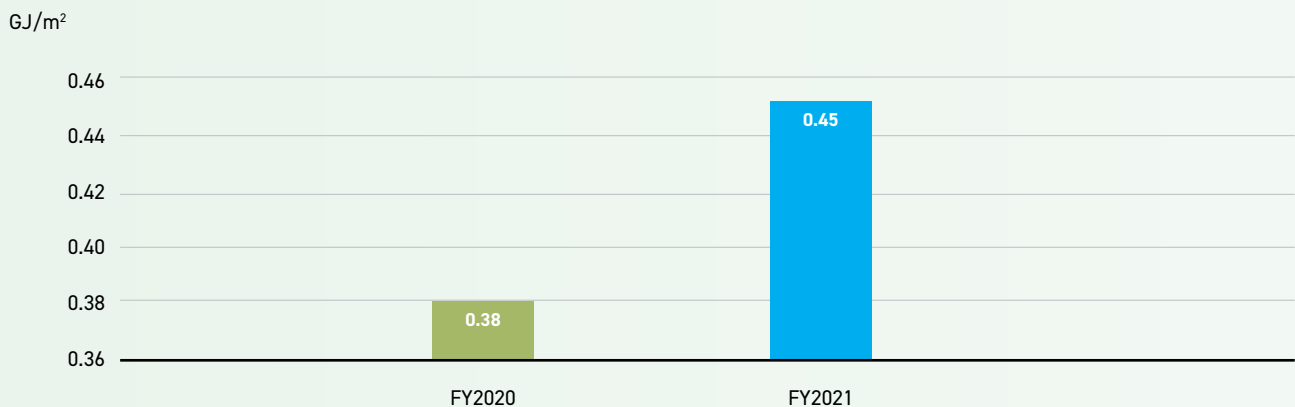
SUSTAINABILITY

| ENERGY CONSUMPTION | | FY2020 | FY2021 | % INCREASE / (DECREASE) 2021 |
|--|-------------------------|---------|---------|------------------------------|
| Fuel consumption (GJ) | | 17,595 | 17,059 | (3.05%) |
| Electricity consumption | [megawatt hour ("MWh")] | 43,660 | 52,684 | 20.67% |
| | (GJ) | 157,175 | 189,663 | |
| Total energy consumption (GJ) | | 174,771 | 206,722 | 18.28% |
| Energy intensity (GJ/m ² of net operating area) | | 0.38 | 0.45 | 18.42% ⁹ |

FY2021 ENERGY CONSUMPTION AGAINST FY2020



FY2021 ENERGY CONSUMPTION INTENSITY AGAINST FY2020



Targets for FY2022:

For FY2022, we target to reduce the total energy consumption or energy intensity by 1% from FY2021.

⁹ Percentage difference between total energy consumption and energy intensity are due to rounding differences.

WATER MANAGEMENT

As water is a shared and limited resource, we are committed to responsible water management and strive to reduce water consumption.

The key areas of water usage within the 4 outlets are for air-conditioning, restrooms, and cleaning. Water consumption is monitored daily by the Entrusted Manager's Property Management Department through inspections and recording of metre readings to ensure timely investigation and identification of any abnormalities. Daily checks are also made after stores are closed to ensure that the valves in restrooms and tenant's main water valves are shut and function normally.

In addition, the Entrusted Manager works closely with the tenants to manage water usage responsibly. At tenants' monthly meetings, employees from the Entrusted Manager's Business Management Department will advocate water reduction measures.

To reduce pressure on potable water especially in areas of high-water stress, water is drawn from the river near Sasseur (Kunming) Outlets for landscape irrigation, saving about 5,000m³ of potable water annually. Each of our malls has its own bio-treatment pond, where sewage will be treated to meet national regulatory requirements before discharge. In addition, rain and sewage are discharged separately and sewage pump pits are cleared on schedule. Every week, inspections are conducted on the outdoor drainage network and water pumps are maintained and lubricated by the Property Management Department. Such efforts made in reducing sewage discharge would reduce the pressure on water treatment facilities.

The sewage quality pipeline is regularly inspected to prevent inadequate discharge. Regular cleaning, disinfection and testing of the secondary water supply tank is done to ensure the safety of the drinking water quality. The Engineering team meets monthly to track water usage and sewage discharge data (i.e., quality of sewage). The local government also conducts regular spot checks on the use of water resources and sewage discharge.

At Sasseur (Chongqing Liangjiang) Outlets, water is kept for fire extinguishing purposes and to clean the roads, saving approximately 300m³ of water every year which would have been discarded. There are also plans to replace the open-type cooling tower in blocks A,B,C,D with a closed circuit type of cooling tower to reduce the water circulation and emission. This proposal will be reviewed by the Property Management Department.

Key water management initiatives during the year include the following:

- Install sub-meters in the main water use areas to closely monitor the water consumption.
- Promote water-saving awareness through posters such as ways to use water-saving methods to clean the water tank.
- Reward employees who provide effective environmental protection advice.
- Regular inspections of restrooms to prevent water from overflowing.
- Regular inspections of water tanks and fountains that are automatically refilled to prevent water from overflowing.
- Regular monitoring of water consumption at night to determine whether there is water leakage.

Performance achieved for FY2021:

In 2021, our 4 outlets withdrew 613.14 mega litres ("ML") of freshwater in total, comprising municipal water. Our water intensity was 1.34 m³/m² of net operating area, a 109.3% increase from 2020. Among the cities that we operate in, Kunming is categorised under "Areas of High-Water Stress" by the World Resource Institute's "Aqueduct Water Risk Atlas"¹⁰, and 10.2% of water consumption occurred in Kunming.

10 Accessible at: <https://www.wri.org/resources/maps/aqueduct-water-risk-atlas>, data was assessed on 14 March 2022.

SUSTAINABILITY

Sasseur REIT was unable to meet the FY2021 target due to the following reasons:

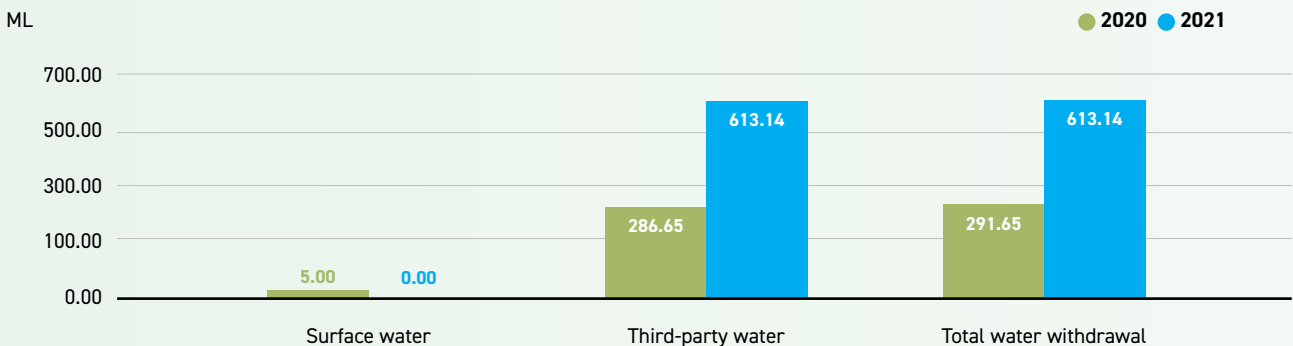
- In 2020, all 4 outlets suspended operations for almost 1.5 months due to the severe outbreak of the COVID-19 pandemic, resulting in a lower absolute consumption for 2020 as compared to 2021.
- In 2021, asset enhancement initiatives, which requires higher electrical usage, were carried out at Sasseur (Chongqing Liangjiang) Outlets and Sasseur (Chongqing Bishan) Outlets. This included massive civil and engineering works such as re-routing the driveway, converting office space to retail space, fire system overhaul, as well as the installation of façade LED display.
- The higher water usage is also attributed to more re-configuration works being carried out in shop units across the four outlets.

| WATER WITHDRAWAL | FY2020 | FY2021 | % INCREASE / (DECREASE) 2021 |
|--|--------|--------|------------------------------|
| Surface water (ML) | 5.0 | - | (100%) |
| Third-party water (ML) | 286.65 | 613.14 | 113.9% |
| Total water withdrawal (ML) | 291.65 | 613.14 | 110.2% |
| Water intensity (m ³ /m ² of net operating area) | 0.64 | 1.34 | 109.3% ¹¹ |

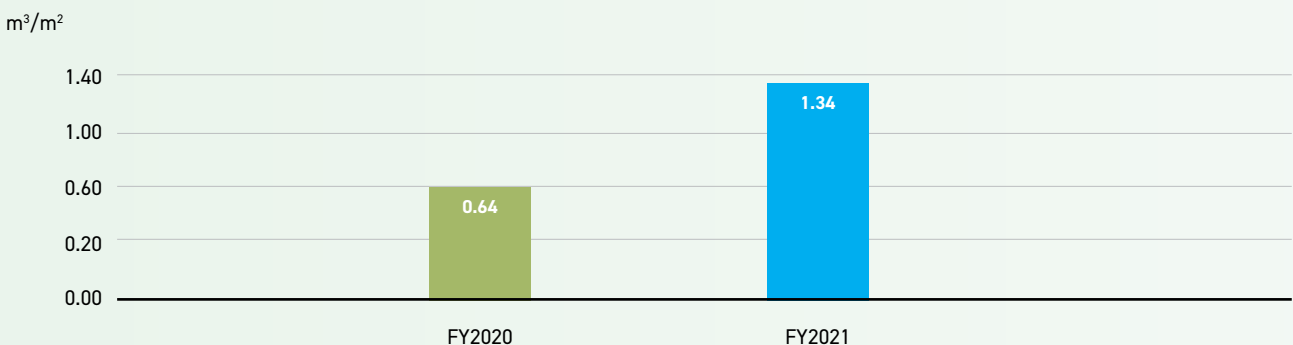
Targets for FY2022:

For FY2022, we target to reduce our water intensity by 1% from FY2021.

FY2021 WATER WITHDRAWAL AGAINST FY2020



FY2021 WATER INTENSITY AGAINST FY2020



¹¹ Percentage difference between total water withdrawal and water intensity are due to rounding differences

FOCUS ON PEOPLE

A team of high-performing and committed employees who uphold good work ethics are at the heart of Sasseur REIT's success. It is imperative that we remain as an employer of choice to continually attract, retain, and develop talent. The Employee Handbook is made available to every employee, ensuring that they are aware and informed about human resource policies, staff benefits as well as the terms of their employment.

We strive to provide an engaging and rewarding environment for our employees through competitive compensation packages and career development programmes, helping them discover and develop their potentials to the fullest. We also contribute back to the society through various Corporate Social Responsibility ("CSR") activities.

TALENT RETENTION AND TRAINING

DIVERSITY AND EQUAL OPPORTUNITY

At Sasseur REIT, we believe that diversity is essential to build a dynamic and engaging team. The REIT Manager is a signatory to the Tripartite Alliance for Fair Employment Practices and adopts a fair employment policy that provides everyone with equal opportunities free from discrimination. This includes:

- Recruiting and selecting employees on the basis of merit (such as skills, experience, or ability to perform the job), regardless of age, race, gender, religion, national origin, sexual orientation, family status, disability, medical condition, or other characteristics protected by applicable law.
- Treating employees fairly with respect and implementing progressive human resource management systems.
- Providing employees with equal opportunity to be considered for training and development based on their strengths and needs, and to help them achieve their full potential.
- Rewarding employees fairly based on their ability, skill set, performance, contribution, and experience.
- Under the premise of obtaining the retired employees' consent, as long as they are fit for work, we will continue to hire them over the retirement age with no mandatory retirement policy.

As at 31 December 2021, our total headcount is at 384 for both the REIT Manager and Entrusted Manager, with no temporary employees. We celebrate a strong female representation among our senior management, with 77% of them being female. This bears testament to our culture of attracting and grooming talents based on merit. A detailed profile of our employees is illustrated in the charts below.

Overall employees



BY LOCATION

CHINA: **371**
SINGAPORE: **13**



BY GENDER

FEMALE: **237**
MALE: **147**



BY EMPLOYEE CATEGORY¹²

SENIOR MANAGEMENT: **53**
MIDDLE MANAGEMENT: **186**
ASSOCIATE: **145**



BY AGE GROUP

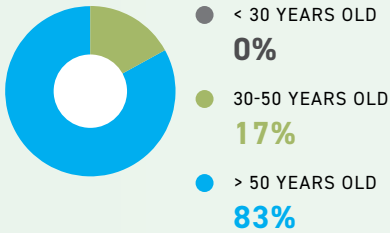
<30 YEARS OLD: **128**
30-50 YEARS OLD: **231**
> 50 YEARS OLD: **25**

12 Our definition of each employee category is as follows: senior management includes C-suites level among the REIT Manager as well as General Manager from each outlet, middle management includes Heads of Department, Senior Managers, Directors, Managers and equivalent among both the REIT Manager and the Entrusted Manager; associate includes the rest of the employees.

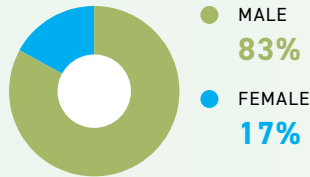
SUSTAINABILITY

DIVERSITY OF BOARD OF DIRECTORS

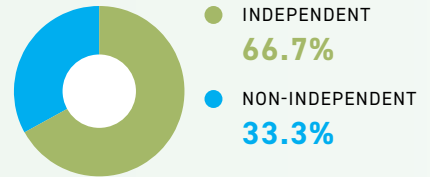
BOARD OF DIRECTORS BY AGE GROUP



BOARD OF DIRECTORS BY GENDER



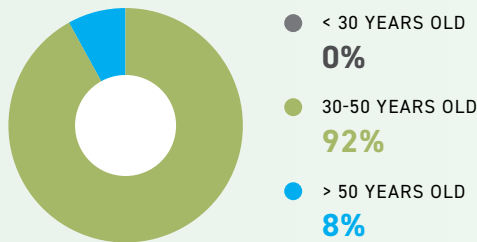
BOARD OF DIRECTORS BY INDEPENDENCE



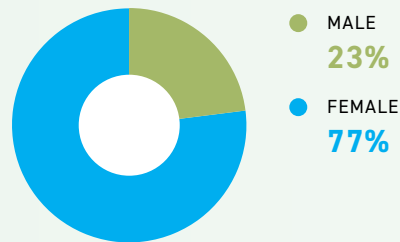
DIVERSITY OF EMPLOYEES

SENIOR MANAGEMENT

SENIOR MANAGEMENT LEVEL BY AGE GROUP

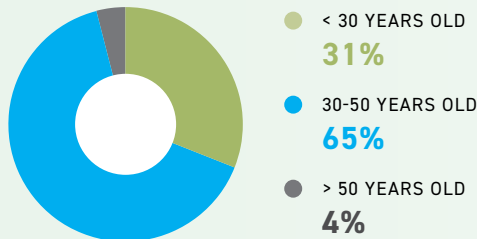


SENIOR MANAGEMENT LEVEL BY GENDER

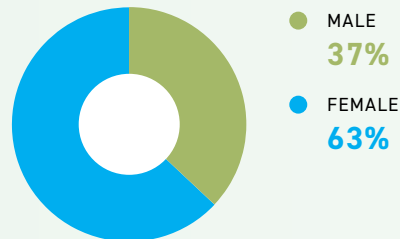


MIDDLE MANAGEMENT

MIDDLE MANAGEMENT LEVEL BY AGE GROUP

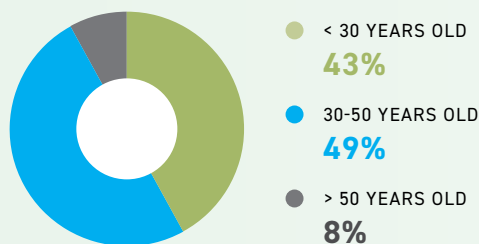


MIDDLE MANAGEMENT LEVEL BY GENDER



ASSOCIATES

ASSOCIATE LEVEL BY AGE GROUP



ASSOCIATE LEVEL BY GENDER




New hires and turnovers:

In 2021, we hired 229 new employees and had a turnover of 161 employees. Our annual new hires rate and turnover rate stood at 60% and 41% respectively, both an increase from 12% and 26% respectively in 2020.

The REIT Manager has an induction programme conducted by the CEO, in order to better integrate and help new hires understand the history, business, values and mission of the Company. For all resignees, the Human Resource Department will conduct an exit interview to understand the reason(s) behind his/her resignation. The feedback will in turn be reviewed and used confidentially for further improvement of the work environment and processes.

The Entrusted Manager uses the “Employee Recruitment and Change Management System” and “Headhunting Management System”, which constitutes both internal and external personnel, helping with the recruitment process and recording procedures undertaken. The “Salary and Welfare System”, “Employee Code of Conduct”, and “Attendance Management System” are also abided by, which stipulate working hours, vacations and other employment benefits, remuneration and bonuses and codes of conduct. The resignation of each unit is monitored quarterly, and relevant analysis will be carried out to find out the cause of resignation.

FY2021 NEW HIRES




BY AGE GROUP

<30 YEARS OLD: **119**

30-50 YEARS OLD: **94**


>50 YEARS OLD: **16**



BY GENDER

FEMALE: **111**

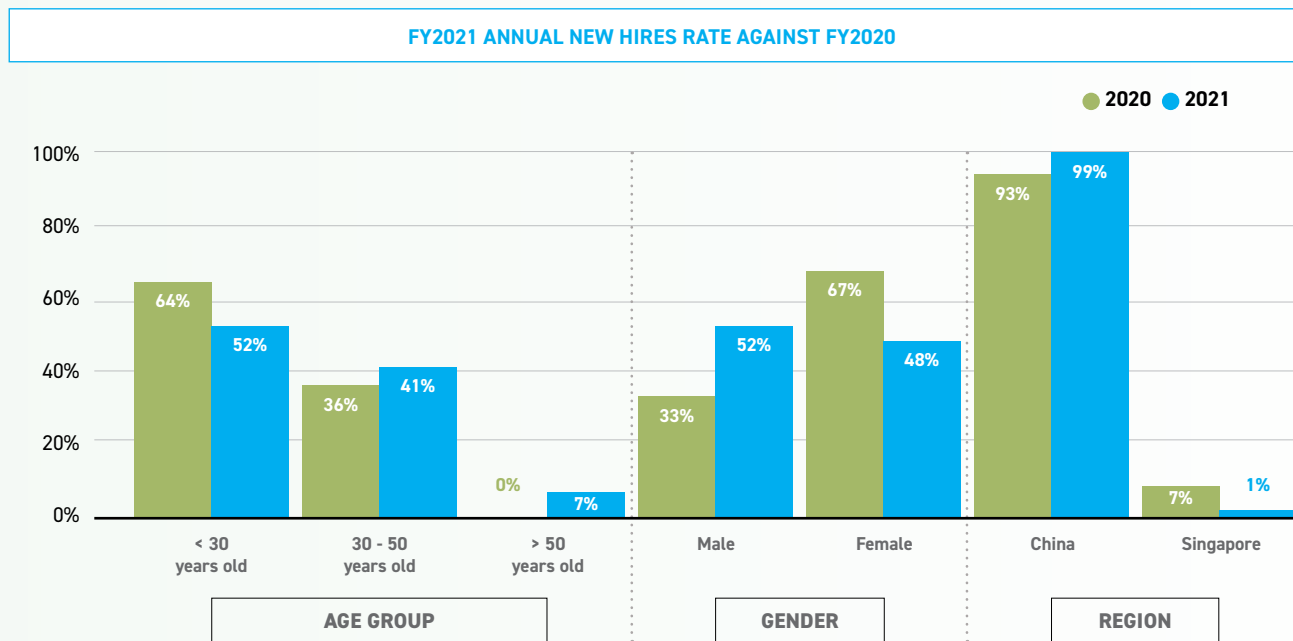
MALE: **118**



BY REGION

CHINA: **227**

SINGAPORE: **2**



SUSTAINABILITY

FY2021 TURNOVER



BY AGE GROUP

<30 YEARS OLD: **94**
 30-50 YEARS OLD: **65**
 >50 YEARS OLD: **2**



BY GENDER

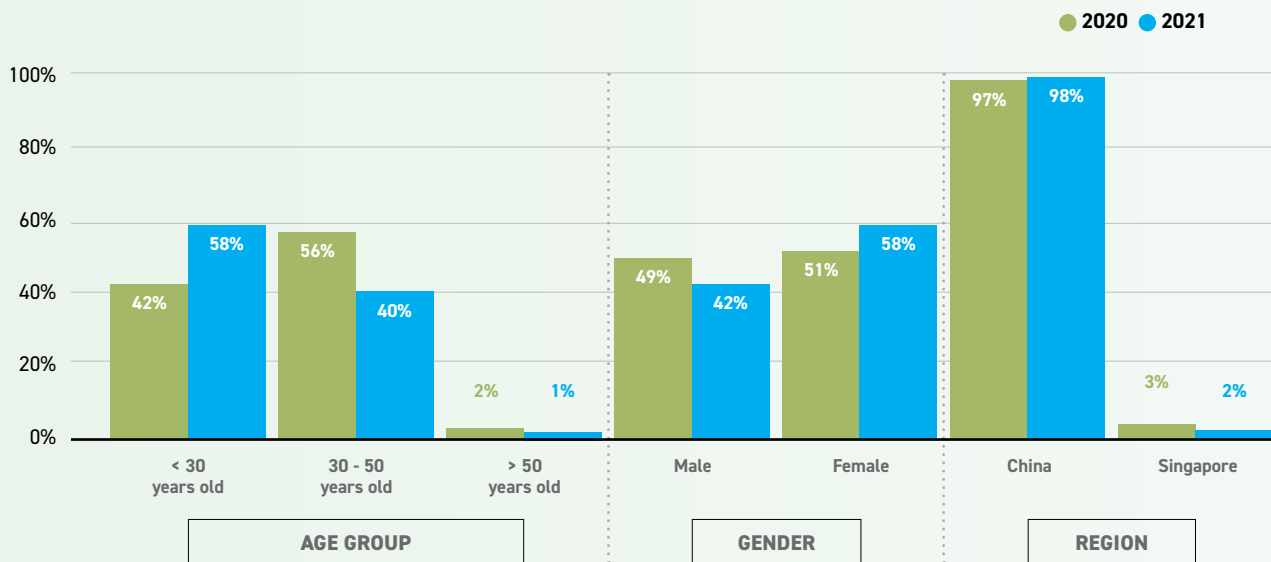
FEMALE: **93**
 MALE: **68**



BY REGION

CHINA: **158**
 SINGAPORE: **3**

FY2021 ANNUAL TURNOVER RATE AGAINST FY2020



COMPETITIVE COMPENSATION

To competitively compensate and motivate its employees, Sasseur Group has launched a signature Business Partnership Programme as illustrated below.

Business Partnership Programme

The Business Partnership Program is Sasseur Group's unique profit-sharing programme which aims to reward and incentivise employees, including those from the Entrusted Manager. The programme offers visible and tangible short-term incentives and includes prospects for long-term career development and achievements. The aim of this programme is for employees to have a mindset change from being a worker, to a partner. This change, coupled with the prospects of profit sharing and long-term career success, helps to stimulate a sense of ownership, passion, and creativity among the management team. As a result of the programme, increased employee motivation translated to Sasseur REIT's improved financial performance. In FY2021, sales achieved a year-on-year increase of 12%, with rental income increasing by 8%. Earnings before interest, tax, depreciation, and amortisation ("EBITDA") also experienced a year-on-year increase of 6%.

To fairly distribute compensation, we conduct annual performance appraisals and salary reviews to reward our employees accordingly. For the Entrusted Manager, performance appraisal is based on quarterly individual performance and the organisational performance ranking. Within the Entrusted Manager, each department's overall performance will also be evaluated monthly based on the "four-dimensional integration" framework, which includes plan management, budget management, business indicator evaluation, and internal audit. The "four-dimensional integration" working group evaluates business departments every month, and every functional centre is evaluated quarterly.

During the annual performance appraisals, the REIT Manager's Head of Departments will meet their subordinate to discuss on the work performance, environment, trainings provided, future expectations and potential career advancements. In 2021, the REIT Manager revamped its performance appraisal process with 360 degree feedback and personality tests.

All employees of the REIT Manager and Entrusted Manager received performance reviews and career development reviews in 2021.

Promotion will be based on the performance and merits of the employee, as well as increase in job scope and responsibilities. This could arise from any of the following situations:

- Taking over a more senior appointment left vacant by another employee;
- Assuming a more senior rank after a certain number of years of service;
- Restructuring of the department due to business expansion or staff reduction; or
- Organisational restructure which may involve a redesign of job scope and responsibility to achieve a better job fit for certain employees.

With all factors such as job suitability and the number of years of relevant experience being equal, incumbent employees will be given priority for promotion or transfer over external candidates whenever a job opportunity arises.

Employee benefits are provided to all full-time employees of the REIT Manager. This includes leave benefits, health benefits and insurance benefits. Employees may be awarded a variable bonus subject to the Company's performance, the employee's individual work performance, the employee's achievement of agreed key performance indicators and at the sole discretion of the Company.

TRAINING AND CAREER DEVELOPMENT

Every employee has an equal opportunity to be considered for training and development to help them achieve their full potential, either recommended by their respective Head of Departments ("HOD") or through voluntary application supported by their HOD. Apart from opportunities for company sponsored external trainings or certification programmes, we also have a strong internal training programme in the REIT Manager.

All employees of the REIT Manager are encouraged to attend trainings, conferences, and seminars for their professional and personal development. The REIT Manager also sponsors part-time courses relevant to the employee's area of work, conducted locally by recognised institutions, schools and universities.

Through a third-party service provider, the Entrusted Manager evaluates each employee's attitude toward their career development and their psychological state. The results are used to guide the formulation of company policies and employee care programmes. In 2021, a 5-year implementation plan was established to guide talents across all levels, at the same time improving the structure of the human resources system. The plan is based on five mechanisms: evaluation, training, usage, incentive mechanism, and competition.

In 2021, the Entrusted Manager implemented the "Sasseur Encyclopedia" for employees to share their good practices and experiences from projects. A total of 669 case studies were logged, which is accessible to other employees. Furthermore, a total of 373 brand employees were trained in the live broadcast business training for the Super Store Manager and Super Shopping Guide. The purpose is to help the performance of Sasseur REIT Night Out's live broadcast performance and attract offline traffic while improving the skills of Sasseur Group.

One of the most prominent programmes is the 3-Tier Leadership Development Programme conducted by the Sasseur Group.

SUSTAINABILITY

3-Tier Leadership Development Programme

Tier 1: Under the leadership of the senior management, 21 talents were identified to succeed as potential outlet general managers. They were provided with training throughout the year to improve their leadership and business skills, as well as to better understand the Sasseur Group’s business model and operating philosophy.

Tier 2: Under the leadership of the senior management, 38 potential department heads were identified and cultivated to lead the various departments. Throughout the year, these talents were trained on the requisite skills for specific departments such as property, finance, human resource, audit, etc.

Tier 3: We strive to equip the employees from the Business Management and Digital Marketing departments with management and professional competence that are aligned with the expectations of the outlets core management team.

We aim to equip the employees from the Property Management Department with course development and skills that enable them to provide training to other employees. In 2021, 11 new certification courses have been added, including 3 courses on property management, 4 courses on general education, 2 courses on legal affairs and 2 courses on digital business. 55 new certified lecturers were also hired. As of 31 December 2021, there were a total of 205 certified lecturers.



3-Tier Leadership Development Programme

WORKPLACE WELL-BEING

Sasseur Group’s vision, mission and values are not only embodied in its business and customer service, but also in its team spirit of employees. To build a strong team spirit, Sasseur Group has embarked on several initiatives to build and promote an engaging corporate culture. In 2019, the Sasseur Group launched its internal newsletter publication “Chuan Di”, which provides employees with a platform to share experiences and stories that promote cultural corporate values. Till date, the platform is still actively in use and has greatly enhanced cohesion and instilled a sense of belonging for employees.

We believe that the senior management needs to be open to voices of the employees, and their feedback can be used to improve the company. In this regard, the Entrusted Manager uses the yearly Gallup Q12 Employee Engagement Survey and monthly townhall meetings to gain insights from employees on leadership, team culture, development, and other issues. Breaking away from the traditional system where superiors provide feedback to subordinates, the REIT Manager and Entrusted Manager also adopted a 360-degree feedback system where subordinates can also provide feedback to their superiors, implemented and supervised by the Human Resource department.

In order to commend the top performers, set a positive example and motivate the employees, the Entrusted Manager awarded a total of 113 personal honours and 12 group honours to top performers.

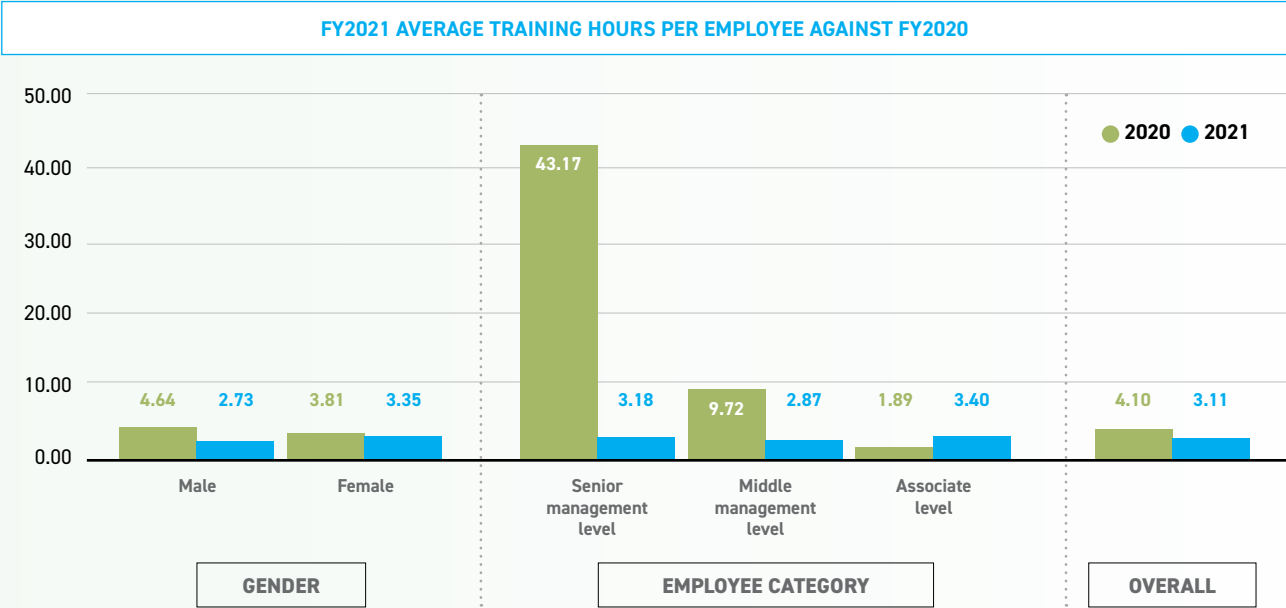
Performance achieved for FY2021:

Diversity and equal opportunity

We continued to practice fair treatment in recruitment and selection of employees on the basis of merit, regardless of age, race, gender.

Competitive Compensation

The REIT Manager and Entrusted Manager improved the standardisation of employee performance reviews to ensure fairness. Performance reviews were conducted for all employees in order to create a robust performance evaluation and competitive compensation framework.



Training and Career Development

In 2021, the REIT Manager's average training hours per employee increased to 25.5 hours, while the Entrusted Manager's average training hours per employee decreased to 2.32 hours. This resulted in the overall training hours per employee to decrease from FY2020 to 3.11 hours.

The Entrusted Manager could not meet the training hours target due to the COVID-19 pandemic, which reduced the number of in-person centralised trainings conducted. Instead, on-the-job training, which did not constitute as training hours for the employees, were conducted.

SUSTAINABILITY

The REIT Manager did not implement the leadership development programme and e-learning system as there were other training and development plans. Employees can request for trainings they would like to attend based on their need to learn new skills or address any skill gaps.

Targets for FY2022:

Diversity and equal opportunity

In the upcoming year, we aim to continue practicing fair employment.

The REIT Manager and Entrusted Manager aims to maintain or reduce the employee turnover rate.

Competitive Compensation

The Entrusted Manager aims to continually improve the standardisation of employee performance reviews to ensure fairness.

Training and Career Development

The REIT Manager and Entrusted Manager aims to either maintain or increase average training hours per employee.

In addition, the Entrusted Manager aims to complete the creation of a "Sasseur Encyclopedia" in the e-learning system to document past cases for learning.

LOCAL COMMUNITIES

As socially responsible enterprises, Sasseur Group and the REIT Manager are committed to serving local communities and helping the different underprivileged segment of the society. We encourage our employees to contribute their time and effort to give back to the society.

Performance achieved for FY2021:

Breast Cancer Donation Campaign (Sasseur (Chongqing Liangjiang) Outlets and Sasseur (Chongqing Bishan) Outlets)
Sasseur (Chongqing Liangjiang) Outlets and Sasseur (Chongqing Bishan) Outlets launched a donation campaign to provide support to women after their breast cancer operation. During the event, patients were invited to share their stories, and were provided with complimentary products after the event.

300 sets of post-operative brassieres and breast implants were also donated to The Cancer Rehabilitation Society of

the Chinese Anti-Cancer Association. This donation not only demonstrated the social responsibility of Sasseur Group, but also sets out an example for the society to spread compassion to all.



Breast Cancer Donation Campaign

SGX Bull Charge Virtual Charity Run 2021

As a bronze bull sponsor, the REIT Manager donated S\$10,000 to the SGX Bull Charge Virtual Charity Run 2021, which donates to the several charitable organisations in Singapore. This is the REIT Manager's third year of participation as a sponsor, and we registered a contingent of 100 participants in support of the virtual charity run event.

The beneficiaries of SGX Bull Charge include AWWA Ltd, Autism Association (Singapore), Fei Yue Community Services, HSCA Community Services and Shared Services for Charities, where programmes conducted by the beneficiaries cater to people of all ages - children and youth, families, and the elderly.



REIT Manager's employees taking part in the SGX Bull Charge Virtual Charity Run 2021

GRI STANDARDS CONTENT INDEX

| GRI STANDARD | DISCLOSURE TITLE | SECTION/PAGE REFERENCE |
|--|--|--|
| GRI 101: Foundation 2016 (GRI 101 does not contain any disclosures) | | |
| GRI 102: General Disclosures 2016 | | |
| Organisational Profile | | |
| 102-1 | Name of the organisation | Sasseur Real Estate Investment Trust (" Sasseur REIT ") |
| 102-2 | Activities, brands, products, and services | Annual Report, Corporate Profile, page 2 |
| 102-3 | Location of headquarters | 7 Temasek Boulevard, #06-05, Suntec Tower One, Singapore 038987 |
| 102-4 | Location of operations | Sustainability Report, About This Report, page 79 |
| 102-5 | Ownership and legal form | Annual Report, REIT Structure, page 4 |
| 102-6 | Markets served | Annual Report, Corporate Profile, page 2 |
| 102-7 | Scale of the organisation | Sustainability Report, About This Report, page 79 Sustainability Report, Focus on People, page 97 |
| 102-8 | Information on employees and other workers | Sustainability Report, About This Report, Focus on People, page 97 |
| 102-9 | Supply chain | Our suppliers are mainly contractors and vendors providing electricity and water. Compliance with local government and legal requirements is required for appointed contractors and service providers. |
| 102-10 | Significant changes to the organisation and its supply chain | There were no significant changes to the organisation and its supply chain in FY2021. |
| 102-11 | Precautionary Principle or approach | Annual Report, Enterprise Risk Management, pages 117 to 119 |
| 102-12 | External initiatives | The REIT Manager is a signatory to the Tripartite Alliance for Fair Employment Practices. |
| 102-13 | Membership of associations | REIT Association of Singapore (" REITAS ") |
| Strategy | | |
| 102-14 | Statement from senior decision-maker | Annual Report, Joint Statement of Chairman & CEO, pages 6 to 11 Sustainability Report, Board Statement, page 78 |
| Ethics and Integrity | | |
| 102-16 | Values, principles, standards, and norms of behaviour | Sustainability Report, Governance – Regulatory Compliance, pages 88 to 91 Annual Report, Corporate Governance Report, pages 122 to 152 |
| Governance | | |
| 102-18 | Governance structure | Sustainability Report, Sustainability Governance, page 83 |

GRI STANDARDS CONTENT INDEX

| GRI STANDARD | DISCLOSURE TITLE | SECTION/PAGE REFERENCE |
|-------------------------------|--|---|
| Stakeholder Engagement | | |
| 102-40 | List of stakeholder groups | Sustainability Report, Stakeholder Engagement, pages 84 to 85 |
| 102-41 | Collective bargaining agreements | N/A |
| 102-42 | Identifying and selecting stakeholders | Sustainability Report, Stakeholder Engagement, pages 84 to 85 |
| 102-43 | Approach to stakeholder engagement | Sustainability Report, Stakeholder Engagement, pages 84 to 85 |
| 102-44 | Key topics and concerns raised | Sustainability Report, Stakeholder Engagement, pages 84 to 85 |
| Reporting Practice | | |
| 102-45 | Entities included in the consolidated financial statements | Annual Report, REIT Structure, page 4 Sustainability Report, About This Report, page 79 |
| 102-46 | Defining report content and topic Boundaries | Sustainability Report, About This Report, Materiality Assessment, page 86 |
| 102-47 | List of material topics | Sustainability Report, About This Report, Materiality Assessment, page 86 |
| 102-48 | Restatements of information | There has been no restatement of figures or information disclosed in our previous report. |
| 102-49 | Changes in reporting | Sustainability Report, About This Report, page 79 |
| 102-50 | Reporting period | 1 January 2021 to 31 December 2021 |
| 102-51 | Date of most recent report | The Annual Report/ Sustainability Report 2020 was published on 7 April 2021. |
| 102-52 | Reporting cycle | Annual |
| 102-53 | Contact point for questions regarding the report | ir@sasseurreit.com |
| 102-54 | Claims of reporting in accordance with the GRI Standards | Sustainability Report, About This Report, page 79 |
| 102-55 | GRI content index | GRI Standards Content Index, pages 105 to 107 |
| 102-56 | External assurance | We have not sought external assurance for this reporting period and will consider it in the future. |
| Material Factors | | |
| Regulatory Compliance | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report, Governance – Regulatory Compliance, pages 88 to 91 |
| 103-2 | The management approach and its components | |
| 103-3 | Evaluation of the management approach | |
| 307-1 | Non-compliance with environmental laws and regulations | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | |
| Non-GRI | Anti-bribery, corruption and fraud | |
| | Responsible business practices | |
| | Cyber security | |

GRI Standards Content Index

| GRI STANDARD | DISCLOSURE TITLE | SECTION/PAGE REFERENCE |
|---|--|---|
| Energy Consumption | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report, Environment – Energy Consumption, pages 92 to 94 |
| 103-2 | The management approach and its components | |
| 103-3 | Evaluation of the management approach | |
| 302-1 | Energy consumption within the organisation | |
| 302-3 | Energy intensity | |
| Water Management | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report, Environment – Water Management, pages 95 to 96 |
| 103-2 | The management approach and its components | |
| 103-3 | Evaluation of the management approach | |
| 303-1 | Interactions with water as a shared resource | |
| 303-2 | Management of water discharge-related impacts | |
| 303-3 | Water withdrawal | |
| Talent Retention and Training | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report, Focus on People – Talent Retention and Training, pages 97 to 104 |
| 103-2 | The management approach and its components | |
| 103-3 | Evaluation of the management approach | |
| 401-1 | New employee hires and employee turnover | |
| 404-2 (a) | Programs for upgrading employee skills and transition assistance programs | |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | |
| 405-1 | Diversity of governance bodies and employees | |
| Additional Factors | | |
| Local Communities | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Sustainability Report, Focus on People – Local Communities, page 104 |
| Managing the Impacts of COVID-19 | | |
| Non-GRI | Managing the impacts of COVID-19 | Sustainability Report, Managing the Impacts of COVID-19, pages 86 to 88 |

TCFD REPORT

1. INTRODUCTION

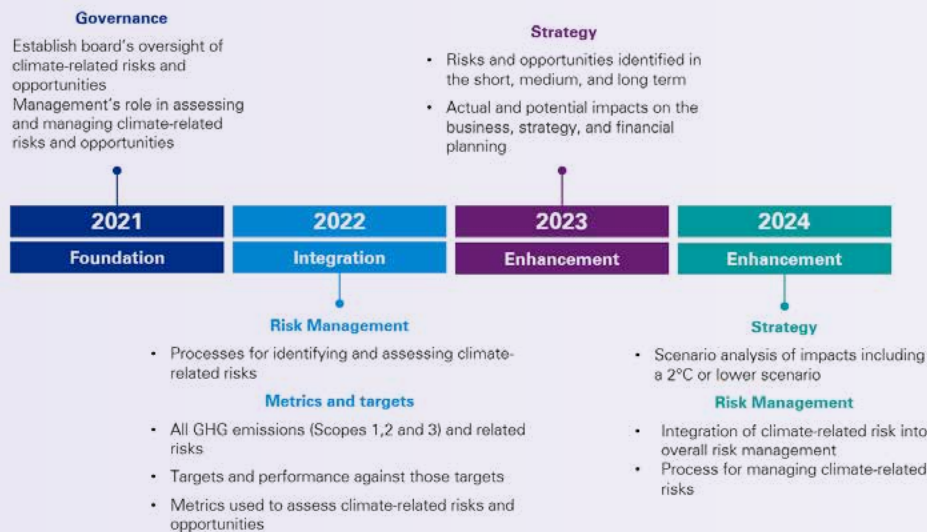
Climate change and society's response towards it is a foundational driver towards risks and opportunities in the global economy. According to the latest Intergovernmental Panel on Climate Change report¹, the impact of climate change can be felt across the globe, evident from the recent flood events seen in China, where Sasseur REIT's outlets are located. Although climate change presents risks, there are also climate opportunities for the real estate sector. With a deeper understanding of these risks and opportunities, countries and companies globally are placing more emphasis on climate change by responding to climate risks and seizing the opportunities for climate action.

We strive to reduce our environmental impact and build operational resilience to address the impact of climate change to our business and environment, with the aim of achieving carbon neutrality by 2050.

This section of the report is our first step towards the adoption of the Taskforce for Climate-related Financial Disclosure ("TCFD"). It aligns with the recommendations set out by TCFD and outlines the physical and transitional risks that Sasseur REIT is likely to experience. This is also in line with the Monetary Authority of Singapore's Guidelines on Environmental Risk Management for Asset Managers.

TCFD provides us with a consistent, comparable and reliable internationally recognised reporting framework to be better equipped in providing our investors and stakeholders with insights on how we are building resilience towards climate-related risks and opportunities. In aligning with TCFD, we hope to facilitate more informed financial decisions by investors, lenders and other stakeholders, and provide them with a greater understanding of how we view sustainability. We believe that transparency is most important, and as such, we are committed to continually improve how we manage and disclose our risks in future reports.

Embarking on the first year of our TCFD journey, our Board has engaged with the management team and attended workshops on climate-related risks and opportunities. Through the workshops, solid foundations were built as participants learnt about the various types of risks and opportunities, how it would affect Sasseur REIT, as well as how best to respond to key trends in line with TCFD recommendations. We are cognisant that more has to be done to improve our disclosures. Thus, the roadmap below identifies Sasseur REIT's strategy in the next 4 years, where climate-related risks and opportunities will be integrated into our business strategy to meet the everchanging landscape.



Sasseur REIT's 4-year road map

1 Sixth Assessment Report (ipcc.ch)

2. TCFD DISCLOSURE

Our disclosure based on the 4 pillars of the Task Force on Climate-related Financial Disclosures (“TCFD”) is set out below:

| SASSEUR REIT'S DISCLOSURE | | |
|---------------------------|--|--|
| Governance | <p>a) Describe the board's oversight of climate-related risks and opportunities.</p> | <p>The REIT Manager and Entrusted Manager recognise that an effective corporate governance culture is critical to Sasseur REIT's performance and reputation. Climate-related issues are taken into consideration when the Board reviews the strategies of Sasseur REIT. The Board will ensure that the management team is well equipped with climate issues through trainings on sustainability topics.</p> <p>The Board oversees the management of Sasseur REIT's sustainability performance, with support from the Sustainability Steering Committee (“SSC”). The SSC plays a leading role in developing Sasseur REIT's sustainability objectives and strategies as well as monitoring and driving sustainability performance and responsible business practices.</p> <p>The SSC meets as and when required and this is led by the Chief Executive Officer (“CEO”), with Core Committee Members from the Investment Management, Asset Management, Finance, Investor Relations, Risk and Compliance and Human Resource functions. The SSC reports material developments to the Board when required.</p> |
| | <p>b) Describe management's role in assessing and managing climate-related risks and opportunities</p> | <p>Sasseur REIT's management also plays a crucial role in assessing and managing climate-related risks and opportunities. The CEO is the Chair of the SSC and is also in charge of climate change within Sasseur REIT. She works with the Board to manage climate-related risks by developing environmental, social and governance (“ESG”) targets and goals. The CFO is the Co-chair and SSC Leader responsible for ensuring the timely completion of sustainability projects and deliverables, while providing regular progress updates to the Chair of the SSC.</p> <p>The Core Committee Members comprise the Head of Departments and representatives from different functions such as Investment Management, Asset Management, Finance, Investor Relations, Risk and Compliance and Human Resources. They help to coordinate information and data, involving relevant department members when necessary.</p> <p>The key roles and responsibilities can be found below:</p> <div style="text-align: center;"> </div> <p><i>SSC's key responsibilities</i></p> |

TCFD REPORT

| SASSEUR REIT'S DISCLOSURE | | |
|---------------------------|---|---|
| Risk management | a) Describe the organisation's processes for identifying and assessing climate-related risks. | <p>The responsibility of managing risks lie with the CEO, the Board, and Audit and Risk Committee ("ARC"). Every quarter, key risks are reviewed and monitored by the ARC.</p> <p>Going forward, Sasseur REIT will be looking at incorporating climate related risks into its enterprise risk management process.</p> <p>The risks are assessed based on their likelihood, impact and the optimal mitigation. The risk register is then reviewed by the ARC for consideration and adoption. From FY2022, climate-related risks and opportunities will be highlighted and reported to the ARC at least annually.</p> |
| | b) Describe the organisation's processes for managing climate-related risks | |
| | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management | |
| Strategy | a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term | <p>Sasseur REIT considers short, medium, and long-term horizons to be 0 to 5 years, 6 to 15 years and more than 15 years respectively. Given that Sasseur REIT's properties are long-term fixed assets, climate-related risks often happen in the medium and longer terms.</p> <p>Sasseur REIT understands the importance of identifying climate-related risks and opportunities, given how it would heavily impact the way businesses operate in the future.</p> <p>Given the nature of the real estate industry, where assets are fixed and long-term in nature, material climate changes would greatly impact Sasseur REIT. The real estate sector would face greater carbon reduction requirements over the coming decades with more adaptation required, potentially translating into higher transition costs. TCFD divides climate related risks into two major categories:</p> <p>Physical risks</p> <p>Physical risks posed by climate change can heavily affect the livelihood, operations, and well-being of Sasseur REIT's key stakeholders including the employees of the REIT Manager and the Sponsor. Physical risks affect countries globally and poses a financial threat to many countries. Over the last few years, there is an increase in the intensity of climate catastrophes and the impact of climate change can be felt more severely and at a greater scale. Sasseur REIT's assets in China are also exposed to physical risks such as floods.</p> |

SASSEUR REIT'S DISCLOSURE

| Strategy | a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term | <p>Transitional risks</p> <p>Transitional risks such as new decarbonisation regulations being rolled out in the industry and on a national level affects Sasseur REIT's strategy and operations. In order to respond to the market and regulatory demands, companies are forced to re-evaluate their investments and commitments to climate change.</p> <p>Sasseur REIT has identified several climate-related risks and opportunities that are relevant to its operations in the table below:</p> <table border="1" data-bbox="587 779 1436 1960"> <thead> <tr> <th data-bbox="587 779 735 853">Risk type</th> <th data-bbox="735 779 874 853">Risk</th> <th data-bbox="874 779 986 853">Time horizon</th> <th data-bbox="986 779 1254 853">Risk description</th> <th data-bbox="1254 779 1436 853">Opportunities</th> </tr> </thead> <tbody> <tr> <td data-bbox="587 853 735 1709" rowspan="3">Physical</td> <td data-bbox="735 853 874 1160">Tropical cyclones (acute)</td> <td data-bbox="874 853 986 1160">Short to medium-term</td> <td data-bbox="986 853 1254 1160">Large-scale atmospheric environmental conditions over the South China Sea change to favour more tropical cyclone formation. This will lead to an increase in operating costs due to disruptions and damages to properties.</td> <td data-bbox="1254 853 1436 1160" rowspan="3">Investment in flood prevention infrastructure.</td> </tr> <tr> <td data-bbox="735 1160 874 1406">Flooding (acute)</td> <td data-bbox="874 1160 986 1406">Short to medium-term</td> <td data-bbox="986 1160 1254 1406">Increase in rainfall patterns – Increase in frequency and intensity of flash floods. Increase in rainfall can lead to greater damage (e.g., leakage and water damage).</td> </tr> <tr> <td data-bbox="735 1406 874 1709">Sea level rise (chronic)</td> <td data-bbox="874 1406 986 1709">Long-term</td> <td data-bbox="986 1406 1254 1709">Rising sea levels can cause mass flooding that would pose transportation difficulties and supply chain disruptions to the business. The workforce would also be impacted due to health, safety and absenteeism concerns.</td> </tr> <tr> <td data-bbox="587 1709 735 1960">Transitional</td> <td data-bbox="735 1709 874 1960">Market risk – increased cost of lower carbon materials and production</td> <td data-bbox="874 1709 986 1960">Short to medium-term</td> <td data-bbox="986 1709 1254 1960">The switch from traditional raw materials to low carbon materials could increase the operating and investment costs.</td> <td data-bbox="1254 1709 1436 1960">Investments to future-proof buildings to ensure energy and water efficiency would be needed.</td> </tr> </tbody> </table> | Risk type | Risk | Time horizon | Risk description | Opportunities | Physical | Tropical cyclones (acute) | Short to medium-term | Large-scale atmospheric environmental conditions over the South China Sea change to favour more tropical cyclone formation. This will lead to an increase in operating costs due to disruptions and damages to properties. | Investment in flood prevention infrastructure. | Flooding (acute) | Short to medium-term | Increase in rainfall patterns – Increase in frequency and intensity of flash floods. Increase in rainfall can lead to greater damage (e.g., leakage and water damage). | Sea level rise (chronic) | Long-term | Rising sea levels can cause mass flooding that would pose transportation difficulties and supply chain disruptions to the business. The workforce would also be impacted due to health, safety and absenteeism concerns. | Transitional | Market risk – increased cost of lower carbon materials and production | Short to medium-term | The switch from traditional raw materials to low carbon materials could increase the operating and investment costs. | Investments to future-proof buildings to ensure energy and water efficiency would be needed. |
|---------------------|---|---|--|--|--------------|------------------|---------------|-----------------|---------------------------|----------------------|--|--|------------------|----------------------|--|--------------------------|-----------|--|---------------------|---|----------------------|--|--|
| Risk type | Risk | Time horizon | Risk description | Opportunities | | | | | | | | | | | | | | | | | | | |
| Physical | Tropical cyclones (acute) | Short to medium-term | Large-scale atmospheric environmental conditions over the South China Sea change to favour more tropical cyclone formation. This will lead to an increase in operating costs due to disruptions and damages to properties. | Investment in flood prevention infrastructure. | | | | | | | | | | | | | | | | | | | |
| | Flooding (acute) | Short to medium-term | Increase in rainfall patterns – Increase in frequency and intensity of flash floods. Increase in rainfall can lead to greater damage (e.g., leakage and water damage). | | | | | | | | | | | | | | | | | | | | |
| | Sea level rise (chronic) | Long-term | Rising sea levels can cause mass flooding that would pose transportation difficulties and supply chain disruptions to the business. The workforce would also be impacted due to health, safety and absenteeism concerns. | | | | | | | | | | | | | | | | | | | | |
| Transitional | Market risk – increased cost of lower carbon materials and production | Short to medium-term | The switch from traditional raw materials to low carbon materials could increase the operating and investment costs. | Investments to future-proof buildings to ensure energy and water efficiency would be needed. | | | | | | | | | | | | | | | | | | | |

TCFD REPORT

| SASSEUR REIT'S DISCLOSURE | | | | | | |
|--|---|---------------------|---|----------------------|---|---|
| Strategy | a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term | Risk type | | Time horizon | Risk description | Opportunities |
| | | Risk | Risk | | | |
| | | Transitional | Reputational – increased stakeholder pressure to be sustainable | Short to medium-term | Consumers and investors are becoming increasingly aware of the sustainability and environmental impact of their consumption patterns, which affects their decision to support organisations that are not sustainable. If climate risks are not managed adequately, there may be negative feedback. The failure to meet industry standards or match the performance of peers in achieving sustainability targets would affect the reputation of companies. | Effective communication of sustainability commitments, policies, targets and strategies to key stakeholders. |
| | | | Policy & legal - Stricter carbon legislations | Long-term | In 2021, China launched a national carbon market, an Emissions Trading System ("ETS"), which would increase the operating costs for the pass-through of indirect carbon cost. | Steps taken to reduce carbon emissions such as investing in greener technologies and reducing electricity consumption are crucial as companies would face higher operating costs for not decarbonising. |
| | | | Policy & legal - Changes in laws and regulations | Long-term | In 2020, China plans to reach peak emissions before 2030 and carbon neutrality by 2060. Financial institutions are also encouraged to reduce emissions and help to meet global targets. | Investments in new buildings and retrofitting existing buildings to comply with new regulations and laws. |
| <p><i>Identified environmental risks and opportunities</i></p> <p>The processes used to determine the risks and opportunities which are material to Sasseur REIT are listed under the risk management section on page 110.</p> | | | | | | |

| SASSEUR REIT'S DISCLOSURE | | |
|----------------------------|---|---|
| Metrics and targets | a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | <p>Sasseur REIT is reporting on the following metrics to manage climate-related risks associated with water, and energy:</p> <ul style="list-style-type: none"> • Energy consumption, energy intensity (page 94 of Sustainability Report) • Water withdrawal, water intensity (page 96 of Sustainability Report) <p>Sasseur REIT has also provided past year's data to allow for trend analysis. Based on Sasseur REIT's materiality review, climate-related risks such as energy and water have been identified as material to the business.</p> |
| | b) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | <p>Sasseur REIT has set the following targets to manage climate-related risks associated with water, and energy:</p> <ul style="list-style-type: none"> • Energy consumption, energy intensity (page 94 of Sustainability Report) • Water withdrawal, water intensity (page 96 of Sustainability Report) |



Sasseur (Hefei) Outlets

TCFD REPORT

3. OUR DISCLOSURE PROGRESS AND NEXT STEPS

As this is the first year of aligning our business to the TCFD, we understand that more has to be done to improve our disclosures. Thus, the roadmap below identifies Sasseur REIT’s strategy in the next 3 years, where climate-related risks and opportunities will be integrated into our business strategy to meet the everchanging landscape.

| NEXT STEPS | | ACTION STEPS | FY2022 | FY2023 | FY2024 |
|------------------------|---|--|--------|--------|--------|
| Risk Management | The organisation’s processes for identifying and assessing climate-related risks and opportunities | • Develop existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered | | | |
| | | • Develop processes for assessing the potential size and scope of identified climate-related risks and; | | | |
| | | • Develop definitions of risk terminology used or references to existing risk classification frameworks used | | | |
| | | • Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks in order to improve data availability and asset managers’ ability to assess climate-related risks | | | |
| | | • Describe the identification and assessment of material climate-related risks for each product or investment strategy. This might include a description of the resources and tools used in the process | | | |
| | Organisation’s processes for managing climate-related risks | • Develop processes for managing climate-related risks, including the considerations to mitigate, transfer, accept, or control those risks | | | |
| | | • Develop processes for prioritising climate-related risks, including how materiality determinations are made within the organisation | | | |
| | | • Develop management strategies for material climate-related risks for each product or investment strategy | | | |
| | Processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management | • Develop processes for identifying, assessing, and managing climate-related risks to be integrated into the organisation’s overall risk management | | | |

| NEXT STEPS | | ACTION STEPS | FY2022 | FY2023 | FY2024 |
|-----------------|--|--|--------|--------|--------|
| Strategy | Climate-related risks and opportunities the organisation has identified over the short, medium, and long term | <ul style="list-style-type: none"> Develop processes used to determine which risks and opportunities could have a material financial impact on the organisation | | | |
| | Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning | <ul style="list-style-type: none"> Determine how identified climate-related issues have affected the business, strategy, and financial planning | | | |
| | | <ul style="list-style-type: none"> Impact on the businesses and strategy in the following areas: <ul style="list-style-type: none"> Products and services Supply chain and/or value chain Adaptation and mitigation activities Investment in research and development Operations (including types of operations and location of facilities) | | | |
| | | <ul style="list-style-type: none"> Impact on financial planning in the following areas: <ul style="list-style-type: none"> Operating costs and revenues Capital expenditures and capital allocation Acquisitions or divestments Access to capital | | | |
| | | <ul style="list-style-type: none"> Develop strategies for climate-related issues to serve as an input to financial planning process, the time period(s) used, and how these risks and opportunities are prioritised | | | |
| | | <ul style="list-style-type: none"> Reflect a holistic picture of the interdependencies among the factors that affect the ability to create value over time | | | |
| | | <ul style="list-style-type: none"> Climate-related risks and opportunities are factored into relevant products or investment strategies | | | |
| | | <ul style="list-style-type: none"> Describe how each product or investment strategy might be affected by the transition to a lower-carbon economy | | | |
| | Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | <ul style="list-style-type: none"> Develop ways to ensure strategies are resilient to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario and, where relevant to the organisation, scenarios consistent with increased physical climate-related risks | | | |
| | | <ul style="list-style-type: none"> Strategies that may be affected by climate-related risks and opportunities; Strategies that might change to address such potential risks and opportunities; and The climate-related scenarios and associated time horizon(s) considered | | | |

TCFD REPORT

| NEXT STEPS | | ACTION STEPS | FY2022 | FY2023 | FY2024 | |
|---|---|--|---|--------|--------|---|
| Metrics and targets | Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | • Key metrics used to measure and manage climate-related risks and opportunities | ■ | | | |
| | | • Metrics on climate-related risks associated with water, energy, land use, and waste management where relevant and applicable. | ■ | | | |
| | | • Where climate-related issues are material, consider describing whether and how related performance metrics are incorporated into remuneration policies | | | ■ | |
| | | • Internal carbon prices and climate-related opportunity metrics. E.g. Revenue from products and services designed for a lower-carbon economy | | ■ | | |
| | | • Metrics for historical periods to allow for trend analysis | ■ | | | |
| | | • Where not apparent, provide a description of the methodologies used to calculate or estimate climate-related metrics | ■ | | | |
| | | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | • Disclose Scope 1 and Scope 2 GHG emissions and, if appropriate, Scope 3 GHG emissions and the related risks. GHG emissions should be calculated in line with the GHG Protocol methodology to allow for aggregation and comparability across organisations and jurisdictions | ■ | | |
| | | | • Industry-specific GHG efficiency ratios | | | ■ |
| | | | • GHG emissions and associated metrics for historical periods to allow for trend analysis | ■ | | |
| | | | • Description of the methodologies used to calculate or estimate the metrics | ■ | | |
| Targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | • Other goals may include efficiency or financial goals, financial loss tolerances, avoided GHG emissions through the entire product life cycle, or net revenue goals for products and services designed for a lower-carbon economy | ■ | | | | |
| | • State: <ul style="list-style-type: none"> ◦ if target is absolute or intensity based, ◦ time frames over which the target applies, ◦ base year from which progress is measured, and ◦ key performance indicators used to assess progress against targets. | ■ | | | | |
| | • Methodologies used to calculate targets and measures | ■ | | | | |