

Corporate Social Responsibility Statement

Since the inception of the firm in 2012 SilkRoad has been focused on delivering investment results for our clients while creating a positive impact on the built environment and society as a whole. Beginning in 2013, we adopted the CFA Asset Manager Code of Professional Conduct and became a member of the HK Green Building Council. In 2017 the firm adopted the United Nations Principles of Responsible Investing (HK PRI). Our ESG committee, established in 2020, continues to develop our approach as we grow the team and portfolio and in conjunction with the needs of our investors and other stakeholders. Beginning in 2021, SilkRoad has committed to annual GRESB reporting and the UN Global Compact.

There are three main pillars of our approach:

1. Environmental Action

SilkRoad is concerned about climate change and the real estate sector's outsized contribution to greenhouse gases. The most recent report from the International Energy Administration notes that *"buildings and the construction sector accounted for 36% of final energy use and 39% of energy and process-related carbon dioxide (CO₂) emissions in 2018, 11% of which resulted from manufacturing building materials and products such as steel, cement and glass."*¹ As an investment manager actively investing in property SilkRoad believes it can have a substantial positive impact in terms of reducing energy and greenhouse gas emissions through the adaptive reuse of existing properties as opposed to developing new properties.

As of December 2021 SilkRoad managed 27 properties totaling 1.23 million square feet through two fund structures. The average age of the buildings we have invested in across our portfolio is 29 years (weighted average by square feet). Each of these investments involved the renovation and repositioning of an existing building to adapt it to a higher and better use. We have not invested in any greenfield development.

Several academic studies have outlined the numerous environmental and social benefits of adaptive reuse.² By extending the life of obsolete buildings, the SilkRoad investment program results in less use of materials, energy and emissions as compared to redevelopment. Energy and carbon that are embodied in the buildings are amortized over a longer period of time when their useful lives are extended. Construction periods are much shorter than greenfield development, resulting in less disruption to communities, less traffic and less noise pollution, dust and greenhouse gases. Our investment strategy has also focused on older infill neighbourhoods where we have been part of a process of upgrading and bringing in new tenants.

Case Study: Working-class neighbourhood of Aberdeen Hong Kong

¹ <https://www.iea.org/reports/global-status-report-for-buildings-and-construction-2019>

² For a recent summary see Carbon Risk Integration in Corporate Strategies within the Real Estate Sector, Carbon Risk Real Estate Monitor, <https://www.crrem.eu/>



Renovation of a 1954 building
In Aberdeen, Hong Kong



In the case of the Aberdeen property, we worked with existing tenants to keep them in place and minimize disruption during the renovation period. As part of the repositioning of this asset, we improved the energy efficiency of the project by changing windows to double glazed windows, installing low-flow toilets, energy efficient lighting, and replacing outdated air conditioning systems with more efficient ones. This approach has extended the useful life of the property and created a more energy efficient building, without the disruption to the existing community caused by demolition of an existing structure and long, noisy construction periods.

Case Study: Heritage properties in Singapore

We have also developed expertise in preserving and renovating Heritage-listed properties. Beginning in 2007 the SilkRoad team began engaging with the Singapore Urban Redevelopment Authority (URA) on the renovation of “shophouses.” The SilkRoad Asia Value Partner Fund’s portfolio currently has 11 shophouse projects as of year-end 2021, each of which entails the upgrade of properties that are conservation protected and built nearly 100 years ago. The renovation plans include the replacement of older windows with double glazed windows, improving energy efficiency and resulting in a quieter environment, upgrading to efficient air conditioning, lighting and low flow sanitary fittings. We also work with the URA to renovate building facades using appropriate colours and styles in line with the historical era.



Amoy Street Singapore, 1920's shophouses, one of 15 projects renovated by SilkRoad in accordance with Heritage Guidelines

In the case of the Heritage properties, aside from extending the useful life of the properties and increasing their energy efficiency going forward, the renovations are extremely popular with the local community as these properties are restored to their former glory. The SilkRoad team won an award in 2010 from the URA for one of the renovations on the Murray Terrace project (see VIA Portfolio's track record). The Heritage buildings and many of our older properties in Hong Kong have openable windows and independent "split type" air conditioning which have given our tenants operating flexibility during the Covid-19 pandemic.



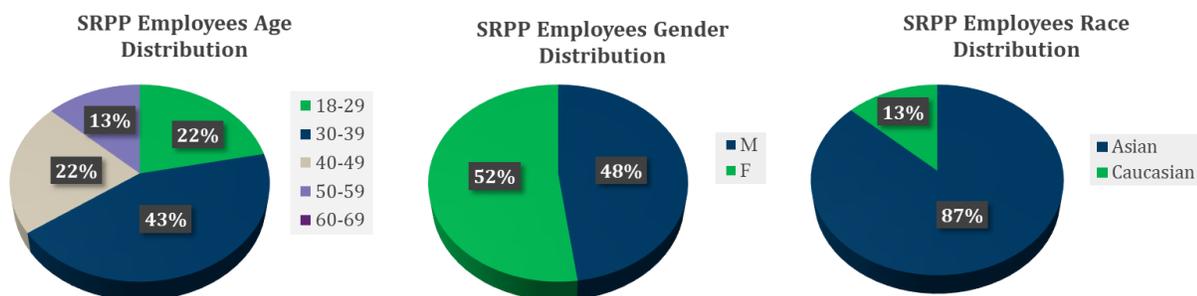
As members of the Hong Kong Green Building Council and active partners with Urban Land Institute, SilkRoad is taking an active role to advocate for a greener real estate industry. Beginning in 2021, we will be carrying out energy audits on properties that have been in the portfolio for more than one year and where we retain some control of the plant and equipment (in many projects these are under tenants' control). We are beginning to certify renovation projects with LEED or Hong Kong BEAM if possible. We also work actively to reduce the carbon footprint of our properties and also of our operating business through recycling, avoiding unnecessary travel and reusing office fitouts. Finally, in response to the Covid-19 pandemic, we are investigating how materials and air-conditioning systems in our projects can be improved to help with overall indoor environmental quality. Finally, the firm is active in supporting the World Wildlife Foundation, which has programs in all of our target markets.

2. Flat and Transparent Culture

SilkRoad was founded in 2012 and remains a tight-knit employee-owned firm. Although we have expanded to 22 team members in three offices, we work to retain the same culture. Because senior management of the firm worked previously at large institutional investors such as APG and GIC, we have adopted a research-driven, transparent investment approach. As an independent business, we value the fact that we are not affiliated with any financial institution, brokerage, construction or development businesses or to any large tenants. This allows us to keep all transactions at an arms-length basis, in the best interest of our investors. Lastly, we co-invest a significant amount of our own capital in each Funds, while also providing carried interest to all team members as a means of increasing alignment of interest.

In order to perpetuate the firm culture, we are very selective in our hiring and interview processes. We often hire people who have previously worked with other team members and look to find people who function well in a flat, team-oriented organization.

In 2017 we adopted the Tripartite Guidelines on Fair Employment Practices which seek to provide discrimination free and fair workplace. We have a diversified employee base consisting of six different nationalities and an almost even gender split. The charts below illustrate the age, gender and race distribution of employees in the organization.



SilkRoad provides employees opportunities to improve job skills and professional competence. This enables employees to cope with the rapidly changing market. Employees are granted examination and study leave in the pursuit of professional and/or certification examinations as well as tuition assistance, for exams such as the CFA.

Our firm culture also extends to how we interact with our service providers. Team members need to be fair and transparent in dealing with service providers, many of whom are small contractors.

3. Strong Governance

As stewards of third-party capital, SilkRoad seeks to adopt best practices in corporate governance. Several team members are CFA Charterholders and the Firm has adopted the CFA Institute Asset Manager Code of Professional Conduct:

The Code states that managers have these responsibilities to their clients:

- *To act in a professional and ethical manner at all times*
- *To act for the benefit of clients*

- *To act with independence and objectivity*
- *To act with skill, competence, and diligence*
- *To communicate with clients in a timely and accurate manner*
- *To uphold the rules governing capital markets*

In addition to adhering to the CFA Institute Code, we have adopted industry best practices on our funds:

- Investor advisory committee
- Third Party fund administration
- AIMFD compliance and regulation
- Outside investment committee member

Internally, we have instituted AML training, and policies ranging from a whistle-blower policy to gift policies. In short, SilkRoad has a zero-tolerance on any non-compliance to policies towards fraud, bribery, and corruption.

ESG Committee

SilkRoad in January 2020 formed an ESG Committee. The committee is chaired by Nick Kearns and key permanent members include Berend Poppe, George Kang, Iris Mak, and Mark Khoo. Quarterly ESG Committee meetings are open to all employees, whom are encouraged to attend. The committee's role is to develop policy guidelines that send for approval to the CEO. Upon receiving approval, the committee will oversee the implementation across the firm. Some of the key projects that the committee has identified for the current year include:

1. Completion of GRESB survey for both SilkRoad funds
2. Documentation and quantification of the reduction in the carbon footprint for assets scheduled for sustainably retrofitting in the current year
3. Development of a formal checklist/sustainable design and construction guideline for renovations

UN Global Compact

SilkRoad is committed the UN Global Compact and participates in the UN Sustainable Development Goals³. We are currently in alignment with the following goals:

Goal 11: Sustainable Cities and Communities

SilkRoad invests in most tier-one cities in Singapore, Hong Kong and Mainland China. As investors in key urban clusters, contributing to sustainability in these cities is naturally important in our strategy. As mentioned in our ESG statement, our selection of properties and strategy for adaptive re-use and conservation is a recurring theme in our approach. Further detail on our commitment to the environment can be referred back to the Environmental Policy.

³ <https://sdgs.un.org/goals>

Goal 13: Climate Change

As stewards of third-party capital and responsible global citizens, SilkRoad recognizes the responsibility and role we have to play in tackling climate change. SilkRoad believes in leading by example, by taking a proactive approach in creating awareness for climate change and taking the necessary steps to create change. For example, SilkRoad has been pushing for the use of renewal energy in buildings where possible through the installation of solar panels. Further change to reduce energy consumption, waste and greenhouse emissions are outlined in the Environmental Policy.