ESG Strategy During Development

Pacific Sunny Professional Investors Private Placement Real Estate Investment Company No.45

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1. INTRODUCTION

Pacific Sunny Professional Investors Private Placement Real Estate Investment Company No.45 focuses on identifying assets with strong intrinsic value, enhancing that value through optimized design, and ensuring transparent operation and management.

Integrating Environmental, Social, and Governance (ESG) factors into investment decisions is essential. The Asset Development & Management Guidelines outline a framework for applying ESG principles across the entire asset development lifecycle at Pacific Sunny Professional Investors Private Placement Real Estate Investment Company No.45.

2. PRE-DEVELOPMENT

Recognizing that enhancing ESG performance in business operations can lead to improved profitability, reduced ESG-related risks, and greater opportunities, the following actions should be carefully considered.

2.1 SITE SELECTION

At the investment identification stage, the environmental characteristics of the prospective site or asset should be thoroughly assessed. Site-related factors to consider include, but are not limited to, the following:

- Enhancing site connectivity
- Minimizing the carbon footprint associated with the site and asset
- Leveraging existing infrastructure
- Mitigating environmental impacts related to the building’s location
- Preventing environmental risks to surrounding natural features
- Avoiding development on environmentally sensitive land to the extent possible
- Acknowledging and adapting to development constraints

2.2 DUE DILIGENCE

An Environmental Due Diligence Assessment is conducted during the pre-development phase, with the scope outlined in Table 1.

TABLE 1 SCOPE OF ENVIRONMENTAL DUE DILIGENCE

Scope	Key Considerations
Environment	Effluents

Scope	Key Considerations
	Emissions
	Water pollution
	Air pollution
	Energy use
	Natural resource use
	Water use
	Waste management
	Land clearance
	Land and soil quality
	Sensitive forests or other habitats
	Biodiversity loss
	Climate change: risks and opportunities
	Natural hazards
	Other environmental impacts
	Media references to illegal or disreputable activities
	Undisclosed or unusual beneficial ownership or carried interests
	Sudden or unexplained change of investors, shareholders, auditors, accountants, lawyers or other professional advisors
	Tax evasion
	Suspicious use of tax havens, offshore companies, compensation, sources of wealth, lifestyles, fees, local costs or transfer pricing
	Large or serious lawsuits
	Reluctance to discuss business integrity issues
	Commitment to good corporate governance
	Structured and functioning board
	Adequate control and risk management
	Rights of minority shareholders and treatment of stakeholders

3. DURING DESIGN

To ensure consistency and performance in ESG initiatives led by PAMCO, it is essential to establish the Owner's Project Requirements (OPR) and Basis of Design (BOD) early in the

project. Moreover, a successful integrative design process encourages project teams to design, construct, and operate buildings that are both sustainable and resilient.

3.1 BUIDLING PERFORMANCE

Building systems are interdependent, requiring collaboration and creative problem-solving across various disciplines. An integrated design process uncovers opportunities to create synergies among disciplines and systems throughout the planning, design, and operational phases. Energy-related considerations include site conditions, building massing and orientation, envelope characteristics, lighting levels, and thermal comfort parameters. Water-related aspects cover indoor and outdoor water demand, process water needs, and available supply sources. Additionally, occupant health and wellbeing are evaluated alongside a range of other factors.

The selection of high-efficiency energy and water systems is critical to overall building performance. Accordingly, the following strategies are recommended.

3.1.1 ENERGY-EFFICIENT FEATURES

- Comply with local energy codes or standards: Energy Saving Design Standard of Building by Korea Ministry of Land, Transport and Transport
- Implement energy efficient features across lighting, water heating, building fabric, and space heating
- Install an onsite renewable energy production system such as biofuels, geothermal, hydro, solar/photovoltaic, or wind (if applicable)
- Install new or use existing building-level energy meters, or submeters that can be aggregated to provide building level data representing total building energy consumption (if applicable)

3.1.2 WATER-EFFICIENT FEATURES

- Consider using water-saving fixtures to reduce indoor water use
- Reduce outdoor water use through selecting native and drought-tolerant plants, which do not require irrigation beyond a maximum two-year establishment or require less water.
- Conserve water used for cooling tower makeup while controlling microbes, corrosion, and scale in the condenser water system
- Consider using site-derived alternative water sources such as graywater and rainwater
- Implement other water efficiency measures such as drip/smart irrigation, leak detection system, flow control devices and water use monitoring

3.2 HEALTH AND WELLNESS

While it is important to have a well-performing building in terms of measurable qualities, it is also important to have spatial design catered to promote healthy lifestyle and wellness of the building occupants and to the community. The following strategies are recommended to promote design for health and wellness:

TABLE 2 STRATEGIES TO PROMOTE DESIGN FOR HEALTH AND WELLNESS

Strategy	Details
Conduct Health Impact Assessment	Assess the health impacts of policies, plans of the building design
Provisions of recreational spaces	Design for green spaces, outdoor seating/eating areas, gym facilities, playgrounds, etc. which can benefit the community socioeconomically
Active design features	Aesthetically engaging signage encouraging the occupants to move more, making stairs easily accessible and aesthetic
Indoor air quality	Maintain indoor air quality at a level compliant with relevant standards in South Korea
Natural ventilation	Provide operable windows to allow better cross-ventilation
Provisions for active transport	Provide bicycle storage facilities and shower/locker facilities to encourage active transport
Occupancy education on health & well-being	Provide educational sessions to occupants on health and well-being benefits that can be brought by sustainable building features
Post-construction health and well-being monitoring	Conduct annual occupant engagement surveys such as occupant comfort satisfaction survey. At a minimum, occupant satisfaction with health and well-being must be tracked annually for at least five years post-construction. (* This is a recommended measure and may be utilized as an internal indicator for continuous improvement)

3.3 BUILDING SAFETY

All assets should comply with applicable local codes and regulations, including those outlined in Table 3.

TABLE 3 LOCAL LAWS AND REGULATIONS RELATED TO BUILDING DEVELOPMENT

Design Scope	No.	Relevant laws and regulations	Confirmation requirements
Architecture	1	District unit planning guidelines	Building coverage ratio Floor area ratio
	2		Highest floor
	3		Use of the building
	4	Building code	Direct stairs
	5		Public space in the site
	6		Traffic Impact Assessment
	7	Parking lot code	No. of parking spaces
	8		Parking plan
	9	Eco Friendly Vehicle Act	Environmentally friendly car parking area
	10	Law regarding activation of bicycle use	Bicycle storage
	11	Evacuation/ Fire protection law	Evacuation stair structure
	12		Evacuation floor walking distance
	13		Fire compartment
	14		Fire resistant structure
	15		Interior finishing materials for buildings
	16		Exterior finishing materials for buildings
	17	Rules on facility standards of buildings	Measures to prevent heat loss in buildings
	18	Act on Promotion and Support of Water Reuse	Gray water facility
Structure	1	Building Act Enforcement Decree Article 2, Article 6-3	Criteria for special structure buildings
	2	Ordinance of the Ministry of Land, Infrastructure and Transport No. 919 Article 58	Submission of structural safety confirmation
	3	Building code Article 48-3	Disclosure of seismic capability of buildings
Mechanical	1	Mechanical Equipment Act Article 15 and Enforcement Decree Article 12, Article 13	Before mechanical facility construction, check and pre use inspection work items
Electrical	1	Article 63 of the Electricity Business Act	Pre-use inspection
Telecom	1	Article 8 of the Enforcement Decree of the Information and Communication Business Act	Construction for Supervision of Information & Communication Business
	2	Article 36 of the Information and Communication Business Act	Supervision result report
F.F	1	Enforcement Decree of the Act on Installation and Management of Firefighting Facilities [Appendix 4]	Fire extinguishing equipment - Fire extinguisher
	2		Fire extinguishing equipment - Sprinkler

	3		Alarm equipment - Automatic fire detection system

4. DURING CONSTRUCTION

The impact of construction activities on the surrounding environment and local community largely depends on how effectively the construction process is planned and managed. To minimize these impacts, appropriate mitigation measures should be implemented wherever feasible. Regarding health and safety during construction, designated personnel must oversee compliance with building safety requirements throughout the development process, with site inspections conducted at key construction milestones.

4.1 CONSTRUCTION AND DEMOLITION OF WASTE MANAGEMENT

Effective planning and implementation are both essential for minimizing construction waste. By recovering, reusing, and recycling materials, the amount of construction and demolition waste sent to landfills or incineration facilities can be significantly reduced. The following recommendations are encouraged:

- Develop and implement a comprehensive waste management plan
- Establish a target waste diversion rate
- Install clear signage and on-site waste separation facilities, and provide training for employees and contractors
- Manage hazardous and non-hazardous waste separately
- Monitor and track waste generation and disposal data
- Conduct waste audits if the target diversion rate is not achieved

4.2 CONSTRUCTION INDOOR AIR QUALITY MANAGEMENT

Developing and implementing an Indoor Air Quality (IAQ) management plan is essential for effectively controlling air quality during construction, thereby safeguarding the health and well-being of construction workers and future building occupants. The plan is recommended to address the following key elements:

TABLE 4 IAQ MANAGEMENT RECOMMENDATIONS

Category	Measures
HVAC Protection	Keep contaminants out of the HVAC system. Do not run permanently installed equipment if possible or maintain proper filtration if it is used.
Source control	Keep sources of contaminants out of the building and have a plan to eliminate any that are introduced.

Category	Measures
Pathway interruption	Prevent circulation of contaminated air when cutting concrete or wood, sanding drywall, installing VOC-emitting materials, or performing other activities that affect IAQ in other workspaces.
Housekeeping	Maintaining a clean job site results in fewer IAQ contaminants to manage.
Scheduling	Sequence construction activities to reduce air quality problems in new construction projects. For major renovations, coordinate construction activities to minimize or eliminate disruption of operations in occupied areas.

5. DURING ASSET MANAGEMENT

Sustainable building operations and maintenance contribute to reduced operational costs, enhanced occupant satisfaction, lower greenhouse gas (GHG) emissions, and improved energy and water efficiency. Ongoing performance monitoring is essential for identifying areas of improvement and addressing potential issues. The following aspects should be taken into consideration:

- Implement site management measures
- Monitor water consumption regularly
- Establish a policy for replacing and retrofitting water fixtures and fittings
- Track and analyze energy consumption
- Monitor greenhouse gas (GHG) emissions
- Record and manage data on waste generation