Sustainability:
Untapped Earning Opportunity in Multifamily Investments

A CUSTOMER SUCCESS STORY

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PARTNERSHIP OVERVIEW

"Though it may appear complicated and overwhelming, keep a beginner's mind and focus on small simple achievable tasks that can add up. This approach will put you on the right path for ongoing environmental management and sustainability improvements."

—Thomas Stanchak, Managing Director of Sustainability, Stoneweg US, LLC

33% Increase to Stoneweg US GRESB performance in 2023.

5% of total landfill waste diverted through programmatic approach to resident recycling.

Whole-building data has increased from <20% to >**80%** in early 2024.

A SNAPSHOT

Consistency is the cornerstone of any effective ESG strategy. Stoneweg US has always made it clear that they aren't simply seeking to contract for minimum ESG compliance. They are committed to a continuous journey of growth and improvement. By integrating ESG into their multifamily real estate strategy, they intend to ensure that their investments and operations evolve sustainably, responsibly, and profitably.

"It's not just about signaling good intentions; it's about the potential good that data provides in making real, valuable, and positive changes at the communities where we invest."

—Patrick Richard, Founder & CEO, Stoneweg US, LLC

As part of their responsible growth, Stoneweg US wanted to leverage their building data to apply for grants and preferential loans. Institutional and large private equity investors already understand the value of ESG and have sustainable expectations from their management partners. To deliver effectively on those expectations, Stoneweg US teamed up with Conservice to better organize and optimize their portfolio's ESG reporting processes.

The biggest challenge for any serious ESG initiative is quantitative in nature—actually capturing data is hard. Factoring in critical qualitative factors like staff commute, refrigerants, etc. is tricky. For Stoneweg US to have the whole-building data they wanted, they needed tenant data.

To help them better capture whole building data, Conservice worked with Stoneweg US property managers to leverage manual metering, which tremendously increased whole building coverage and future proofed Stoneweg US utility data collection. Stoneweg can now reliably assess its whole building data to identify and address property-level issues before they become fiscally impactful, reducing operating costs and supporting the value of their portfolio overall.

"A few years ago, we came to an important realization: aspects of ESG, like carbon accounting, could be a powerful differentiator for Stoneweg US, aligning our interests more closely with capital and setting us apart in the US multifamily investment management space."

—Thomas Stanchak, Managing Director of Sustainability, Stoneweg US, LLC

STONEWEG US GHG INVENTORY

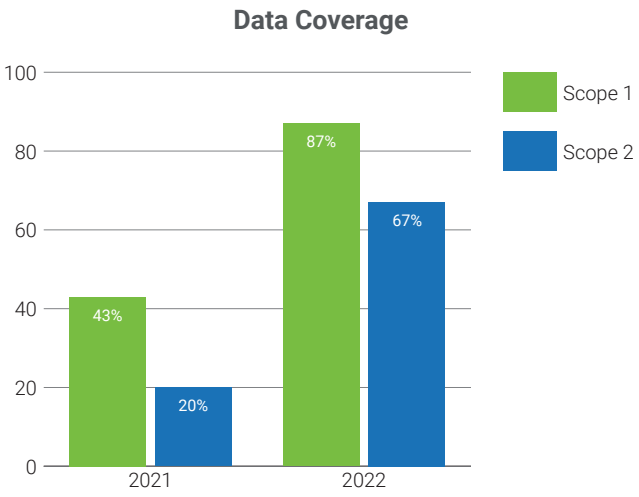
Measuring GHG emissions is fundamental to sustainable growth. It reveals potential (and expensive) regulatory risks, and it gives investors insight into the long-term sustainability and climate resiliency of a property management company's portfolio.

In 2022, Stoneweg US began performing a greenhouse gas (GHG) inventory by focusing narrowly on their property-level building performance data. GHG inventory is a process wherein a business determines its sources of carbon emissions and measures its impact therein. To capture this information, Stoneweg US and Conservice focused on tracking the energy consumed and waste generated at their properties. The result was the first in a series of valuable new insights.

Stoneweg US learned that 92% of its properties' energy consumption was attributed to resident use, and through the effective administration of the Stoneweg US Asset Management team, they were able to build a detailed unit level inventory of mechanical systems, appliances, fixtures, and other attributes that supports numerous projects including effective administration of refrigerant inventory across their portfolio.

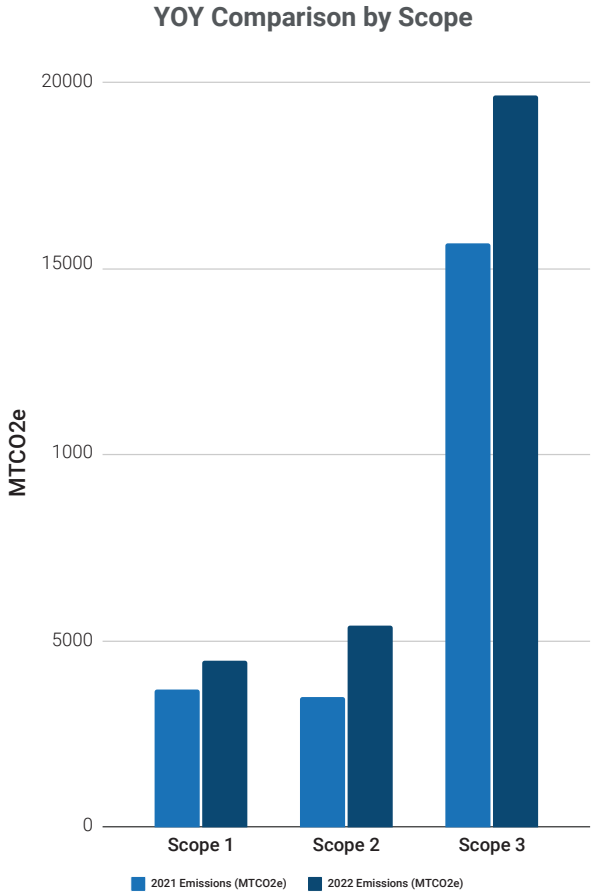
A MORE COMPLETE STORY

As Data Coverage Increased, the breadth of Stoneweg US's emissions became more realistic.



In 2022, Stoneweg US partnered with Conservice to implement cost-effective data collection initiatives, improving data coverage for scope 1 emissions from 43% in 2021 and 87% in 2022 and scope 2 emissions from 20% in 2021 to 67% in 2022, as shown in the Data Coverage graph. As data coverage improves, Stoneweg US is able to more accurately capture GHG emissions from 2021 to 2022.

Stoneweg US's primary GHG emissions stem from resident utility usage, a category of scope 3 emissions, as you can see in YOY Comparison by Scope . Historically, collecting this data has been challenging due to privacy concerns, third-party vendor cooperation, and regulations. As a result of the efforts by both the Stoneweg US team and Conservice, Stoneweg US has been able to capture more scope 3 data than ever before giving them more insight into their overall GHG emissions.



Looking Ahead

In 2023, Stoneweg US achieved 100% data completeness, establishing a baseline and setting realistic targets. They plan to implement innovative technologies for real-time resident-level data capture, with a pilot program already underway.

Emissions Scopes Explained

Scope 1: Direct emissions from company-owned sources (e.g., natural gas for heating).

Scope 2: Emissions from purchased electricity consumed by the company.

Scope 3: Indirect emissions in the company's value chain (e.g., leased assets, waste disposal, employee travel).

"By handling our data collection in a phased and accretive fashion, we laid a solid foundation for our GHG inventory. Now, this aspect of our work primarily involves maintenance, as the initial heavy lifting of data collection and organization is complete."

—Andrew Bilodeau, Sustainability Analyst, Stoneweg US, LLC

Initial GHG inventories were accomplished in 2021 and 2022. And while they in part relied on estimates and assumptions, the initial GHG inventories were essential in establishing a baseline for future investment grade disclosures. These early GHG inventories were a critical first step in the process of establishing sustainable emissions management and creating transparent reporting.

The initial GHG reports provided:

Baseline data. The GHG reports created a baseline understanding that allowed Stoneweg US to compare the emissions levels of their multifamily portfolio over time.

Context. Buy-in and mutual understanding is critical for any organization. The process of accomplishing their GHG inventories underscored the complexities involved in gathering complete building energy and material source data and better positioned them to meet those challenges in the future.

Actionable Insights. Insights from the GHG reports will guide Stoneweg US to data-driven cost-benefit analysis methods for effective investment outcomes in emissions reductions.

"Partnering with Conservice for our GHG inventory has created new paths for value creation for Stoneweg US. As a result of our collaboration we have a much better handle on our asset level environmental data, making it simpler to identify opportunities to make improvements."

—Thomas Stanchak, Managing Director of Sustainability, Stoneweg US, LLC

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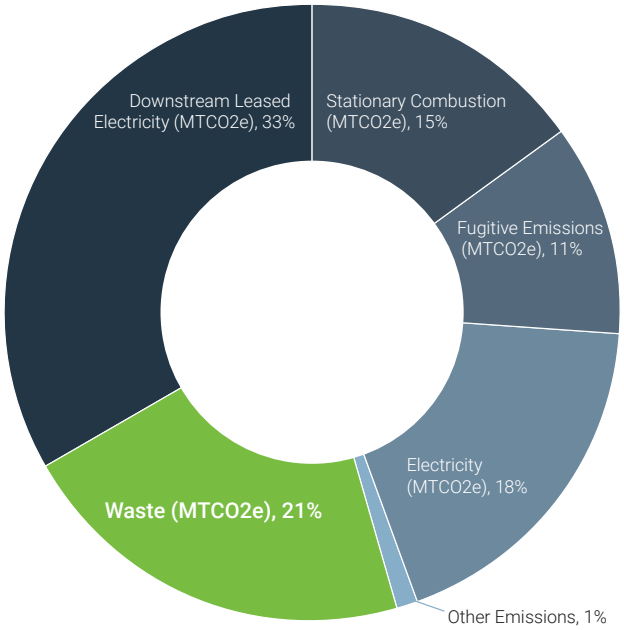
KEY INSIGHTS: THE IMPORTANCE OF WASTE MANAGEMENT

As part of their overall strategy, Stoneweg US leveraged Conservice's WasteX solution to enhance their waste management processes. By leveraging WasteX, they were able to collect valuable waste data, and this information combined with insights from the GHG inventory revealed that waste was a substantial contribution to their overall carbon footprint. Resident waste going to landfills was generating nearly 20% of their total emissions.

This insight led to action, and over the last year, Stoneweg US successfully diverted approximately 5% of their total waste away from landfills across their entire portfolio—**which equates to nearly 100,000lbs of waste per month**. It's a significant milestone, and definitive step toward their goal of continuously enhancing their waste management to reduce its environmental footprint.

2022 Emissions Category Breakdowns



"It's likely that most people would underestimate the emission reduction potential of effective waste management. Our achievements in reducing waste demonstrates how a GHG inventory can result in a better understanding that leads to targeted operational shifts that yield substantial environmental benefits."

—Andrew Bilodeau, Sustainability Analyst, Stoneweg US, LLC

WHAT DID STONEWEG US ACCOMPLISH WITH WASTEX?

- Added recycling to 100% of their active portfolio
- Achieved a 3.3% portfolio-wide diversion rate
- Drastically lowered contamination fees

THE RESULTS AND PATH FORWARD

Stoneweg US invested in Conservice ESG services as part of their overall fiscal and operational commitment to responsible investment practices. They put in the time, set up the processes, underwent the rigorous task of capturing insights, then got to work acting on those insights.

All of that effort led to a major net gain. According to Stoneweg US, their ESG efforts over the last several years have resulted in a 33% increase to their overall GRESB performance. They've set 2023 as their base year for emissions, and they're currently in the process of working alongside Conservice to lay the groundwork for a series of science-based decarbonization targets over the next several years.

The journey has been rigorous and not without learning curves across Stoneweg US's operations, but as has been the case for so many of Conservice's ESG customers, the short and long term ROI has been well worth the effort. Stoneweg US now has comprehensive building performance data coverage for their portfolio that they're using to effectively leverage grants and loans which can in turn help to make their properties even more environmentally and resident friendly. It's a continuous cycle that helps everyone in the industry. By successfully weaving ESG practices into their operations, Stoneweg US has ultimately lowered the utility expense burden for their residents, enhanced margins for investors, and contributed to making a more sustainable built environment for the earth we share.

"Looking ahead, we see Conservice as an indispensable partner in our journey. Our partnership exemplifies our belief that good management, powered by the right people and tools, yields the best ROI. And in Conservice, we have indeed found the right people."

—Pamela Willams, Director of Asset Management, Stoneweg US, LLC