

# ESG Update

Fiera Real Estate UK (FRE UK) | Long Income Fund ("FRELIF")



## Climate Resilience

The need for the real estate sector to tackle climate risk is more urgent than ever before. In response to the valuable work being done globally to respond to the global climate crisis, FRELIF has recently made a number of key commitments to advance its response to the solution and to provide its investors with a resilient portfolio comprising assets that are fit for the future.

### ▶ MSCI Climate Value-at-Risk

FRELIF has signed up to MSCI's Climate Value at Risk service, which provides an improved understanding of the portfolio's exposure to both physical and transition climate risk. In addition to the valuable insight this gives us when performing due diligence on new acquisitions, the ongoing analysis from this service supports our efforts to report on climate-related financial information (in alignment with the Task Force on Climate-related Financial Disclosures recommendations) and to meet targets under Sustainable Financial Disclosure Regulation (SFDR).

### ▶ Net-Zero Carbon (NZC) Pathway

FRELIF has recently appointed a NZC Partner to create an ambitious roadmap of how it can achieve net-zero carbon and improve energy intensity prior to the Government's 2050 ambitions. Our NZC partner will develop a plan in three parts to address emissions, the energy intensity of our assets and engagement with stakeholders. The pathway is being built to align with the BBP Climate Change Commitment and the World GBC Net-zero commitment. The roadmap will be shared externally in late Q4 2021.

## Energy data collection

In Q4 2020, FRELIF set a target of achieving 75% energy data coverage by Q2 2021. This was an incredibly ambitious target, particularly given that the portfolio's energy coverage is almost entirely controlled by its tenants. Using a combination of an innovative automatic data harvesting project with third parties, as well as a strong tenant engagement program, FRELIF was able to exceed this target by 10%, taking its total energy data coverage to 85% by the end of Q2.

Target for  
end of 2021\*

75%

Target hit by  
end of Q2 2021

85%

\*Target rates are not guaranteed.

**We have introduced our tenants to the concept of automatic data harvesting to improve our collection of tenant utility data. This will allow us to better understand the sustainability performance of our assets under management, and set meaningful performance targets for the buildings we manage.**



**Rupert Sheldon,**  
Fiera Real Estate  
Long Income  
Fund UK Manager



FRELIF remains an accredited Real Living Wage employer, which means we have built a pathway to move all service provider contracts across the buildings we manage onto the real living wage. This accreditation demonstrates our commitment to the Sustainable Development Goals (SDGs) and encourages other firms to go further than the government minimum so that it becomes the norm within the real estate investment management sector.





## ESG Risk Management

Our proprietary ESG resilience scorecard is utilised during our acquisition due diligence process and within our quarterly asset reporting framework to adequately assess pricing and the long-term resilience of potential and existing assets for our investors. The ESG scorecard includes a comprehensive list of ESG risks and opportunities, which are then scored to provide an overall level of ESG risk exposure on an asset level. This is included within our Asset Risk Scorecard and is updated annually to ensure consistent oversight of these risks and to identify opportunities to improve sustainability performance across the portfolio.

## GRESB

For three years, FRELIF has measured its sustainability performance through the Global Real Estate Sustainability Benchmark (GRESB). This year, it improved its score by a further 8% and was awarded the accolade of a Green Star Rating. FRELIF sits within a GRESB peer group of 79 funds, of which only a quarter are long income funds. Given the challenges surrounding the measurement of environmental performance within long income funds, FRELIF's performance is strong amongst its peer group.

## FRELIF Commitments

|  |   |   |  |
|--|---|---|--|
|  <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>   |  <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>   |  <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  |  <p><b>13</b> CLIMATE ACTION</p>  |
| <p>All FRE UK funded developments are required to achieve minimum health and wellbeing requirements.</p> <hr/> <p>We work alongside our property managers to collect information from tenants on their health and wellbeing initiatives to identify opportunities to support these.</p> <hr/> <p>Tenant surveys and focus groups support our efforts to meet our tenants' needs.</p> | <p>FRELIF is a Real Living Wage (RLW) accredited employer - all landlord service provider contracts are paid the RLW.</p> <hr/> <p>We promote the use of local labour and businesses across all FRE UK funded developments and require that a Considerate Constructor Score (CCS) score of 40 is targeted.</p> <hr/> <p>We implement a community engagement plan with several criteria across each development project.</p> | <p>Automatic data harvesting, green lease clauses and tenant engagement are used to collect energy, water and waste data at an asset level.</p> <hr/> <p>We are building a net zero carbon pathway across all held assets.</p> <hr/> <p>All our development projects are required to meet minimum BREEAM ratings.</p> <hr/> <p>All development projects are required to use locally sourced materials, with low environmental impact and low embodied carbon.</p> | <p>The Fund uses MSCI's Climate Value-at-Risk service to understand, measure and monitor climate related risks to ensure long-term asset resilience.</p> <hr/> <p>We promote biodiversity through the installation of bug hotels and bird boxes to protect, restore and enhance the natural environment.</p> |



## FRE UK Achieves Planet Mark Accreditation

We have achieved the Planet Mark Year 2020 Business Certification, which is an internationally recognised sustainability certification for businesses acknowledging continuous progress, encouraging action and building an empowered community of like-minded individuals.

Total Carbon Emissions per Employee **0.6 tCO<sub>2</sub>e**

Total Carbon Footprint **15.8 tCO<sub>2</sub>e**

### FRE UK Carbon Removal Initiative

This year we chose a nature-based solution to remove our carbon, restore nature and support local communities. We have removed 17.38 tCO<sub>2</sub>e (equal to 110% of our 2020 business carbon footprint) through the [Kasigau Corridor project](#) in Rukinga, Kenya. This project protects an expanse of over 200,000 hectares of dryland Acacia-Commiphora forest, home to over 2,000 elephants, and also provides social programmes whose impact reaches over 116,000 people.

### Amount of Carbon Removed

**17.4**  
tCO<sub>2</sub>e



#### Responsible

We recognise that our business and investment decisions impact the environment, the communities where we operate and the people we work and do business with. Our ESG commitments are built around this belief to ensure that our environmental and social impact is responsible.



#### Resilient

Understanding, measuring and monitoring ESG and climate related risks are critical to attaining long term asset resilience. We believe that integrating these risks into our investment processes and regularly reviewing our progress in this regard will improve the resilience of our investments.



#### Engaged

In order to meet our commitments and reach our targets, we know that a strong, collaborative approach is necessary. Our ESG strategy therefore places strong emphasis on working collectively with our stakeholders, tenants, employees, property managers and operating partners to ensure ongoing progress and continuous improvement.

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