



Fiera Real Estate Long Income Fund UK

ESG Brochure 2022



Fiera Real Estate ESG Strategy

At Fiera Real Estate (“FRE”), we recognise the critical role we play in transitioning to a low-carbon, more sustainable and equitable world.

As stewards of our client’s capital, it is our responsibility to ensure that we use our innovation, influence and privilege to drive positive environmental and social change in a fair and just way for our people, planet and communities. We believe that these ambitions are essential to preserving the long-term value and resilience of the funds we manage.

We acknowledge the role that we have to play in reducing our carbon impact and to drive the growing momentum to get businesses to embed climate risk into financial, investment and operational decision making.

Real estate has a pivotal role to play in creating a more resilient and sustainable future for us all. At Fiera Real Estate, we champion the integration of responsible investment into every decision that we make and we will work tirelessly to advance our transition to a low-carbon world.



Charles Allen
Head of UK Real Estate
Fiera Real Estate UK

ESG at Fiera Real Estate

The foundation of our ESG strategy is based on the primary belief that the way in which we manage our funds should be responsible, resilient and engaged. There are seven focus areas across our three ESG pillars that encompass the key ESG topics relevant for real estate.

RESPONSIBLE



Planet

- Reduce energy and water consumption and the production of waste
- Support biodiversity
- Integrate ESG throughout the supply chain

People

- Foster a best-in-class team
- Advance diversity, equity and inclusion

Communities

- Maximise positive social community impact

RESILIENT



Climate

- Proactively support the transition to a low carbon economy
- Integrate climate risk and opportunity management into operations

Governance

- Maintain strong corporate governance
- Advance digitisation and data systems

ENGAGED



Collaboration

- Work with stakeholders to meet mutual goals and promote best practices
- Contribute to industry ESG

Transparency

- Disclose ESG according to stakeholder expectations
- Participate in standards and initiatives



Sustainable Development Goals

The Sustainable Development Goals, ("SDGs"), are a collection of 17 global goals, designed with a mission to achieve a better and more sustainable future for all people and the world by 2030.

At FRE UK we have specifically identified five of these goals which we target across our real estate activities in order to make a real difference.



We also promote responsible investment by providing resources and know-how to industry and sustainability associations. By doing so, we actively contribute to further development of the industry.



Our 2021 UK Corporate ESG Highlights

RESPONSIBLE

- ▶ Achieved Planet Mark Business Certification and were a top 3 finalist for 'Newcomer of the Year' award
- ▶ Achieved BREEAM Outstanding on Halo office building in Bristol, which is set to be the greenest office building in the UK
- ▶ Removed 17.38 tCO₂e (110% of 2020 carbon footprint) through the Kasigau Corridor Project in Kenya

RESILIENT

- ▶ PRI rating for 'A+' for Strategy and Governance and a PRI Direct Property Investing score of 'A'
- ▶ Subscribed to MSCI Climate Value at Risk, which allows us to monitor and measure exposure to climate risk in the funds we manage
- ▶ Developed a propriety ESG resilience scorecard to support investment and acquisition teams
- ▶ Received the AREF Corporate Governance Quality Mark

ENGAGED

- ▶ FRE's COO Emma Cullen holds the position of Chair of AREF's Corporate Governance Committee
- ▶ She also sits on the AREF Management Committee
- ▶ FRE's Global Head of ESG Jessica Pilz sits on the AREF ESG and Impact Investment Committee
- ▶ Raised over £60,000 for charity in 2021
- ▶ £22,000 of which was donated to provide 500 mental health sessions to NHS workers
- ▶ Platinum member of the Charities Trust Payroll Giving Scheme
- ▶ Achieved GRESB Green Star status on all participating funds

Fiera Real Estate Long Income Fund UK (FRELIF UK) ESG Integration



ACQUISITION

- FRE's proprietary ESG Resilience Scorecard is included within our acquisition due diligence processes to assess the long-term resilience of potential assets for 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 at an asset level.
- The results are shared with the Investment Committee, who, together with our ESG specialists, assess the level of risk associated with the potential acquisition.



OPERATION

- The ESG Resilience Scorecard is used on a quarterly basis to ensure consistent oversight of any risks and to identify opportunities to improve performance across the existing portfolio.
- The results of the scorecard are included within our Asset Risk Model, which is monitored by our asset management team.
- Each asset in the portfolio has an ESG Asset Plan, which is monitored quarterly by the FRE ESG Team, the FRE asset management team and the Fund's managing agents.



DEVELOPMENT

- FRE's Sustainable Design Brief (SDB) sets minimum environmental and social targets for all FRE-funded development projects.
- The SDB is hugely successful in driving collaboration with our development partners and ensures our sustainability targets are met.
- This has allowed us to design and create innovative buildings with exemplary sustainable features and certifications.

Journey to Net Zero - 2035



FRELIF UK has committed to achieve
Net Zero Carbon ("NZC") by 2035



2019

- > Started collecting and monitoring portfolio data including scope 3 emissions



September 2020

- > Established a standard green lease to be used for all new lettings
- > Hosted ESG occupier focus groups



June 2021

- > Instructed Carbon Intelligence (CI) to compile roadmap to Net Zero Carbon for FRELIF UK and identify a target date



May 2021

- > Instructed Push Energy to undertake a review of the Solar PV opportunities across the portfolio



August 2021

- > Started work with Etainabl to automate the data collection process and ensure we receive regular and accurate utility data



October 2021

- > Introduced our ESG score card into the acquisitions process to establish minimum standards for new acquisitions



January 2022

- > Completed asset level action plans for the whole portfolio



April 2022

- > Set NZC target and begin drafting NZC pathway



February 2022

- > Instructed CI to conduct NZC audits for industrial manufacturing sites
- > Established a timeline for PV installations

ONGOING IMPLEMENTATION OF NZC PATHWAY

If we are to limit the worst effects of climate change we must achieve decarbonisation of our built environment, which accounts for 40% of global carbon emissions. Achieving this will only be possible with material changes in behaviour, as well as investment.



Jessica Pilz,
Global Head of ESG
at Fiera Real Estate

Initiatives and Successes in FRELIF UK

RESPONSIBLE

Renewable Energy

- ▶ Solar PV installation project across the portfolio in partnership with push energy.

Net Zero Carbon Audits

- ▶ Undertaken NZC audits for the largest carbon emitters in the portfolio to understand the technical requirements to transition to NZC as well as the costs.

Biodiversity

- ▶ Installing beehives, planting wildflowers, bird boxes and bug hotels.

RESILIENT

Net Zero Carbon

- ▶ The FRELIF UK Net Zero Carbon target is being set with a strategic roadmap for how it will be achieved.

Climate Risk

- ▶ MSCI's climate risk quarterly insight into FRELIF UK's exposure to transition and physical risks.

TCFD

- ▶ FRE has published a Task Force on Climate Related Financial Disclosures report.

SFDR

- ▶ FRELIF UK is aligned to the spirit of an Article 8 Fund, as defined within the SFDR.

ENGAGED

Tenant Engagement

- ▶ Tenant ESG focus groups, tenant performance reports and automatic data harvesting to collect occupier utility data.

Managing Agents

- ▶ Quarterly meetings with managing agents setting ESG KPIs and producing plans for multi-let assets.

2021 HIGHLIGHTS



G R E S B

Green Star

status achieved in 2021



Accredited as a

Real Living Wage Employer

ETA IN ABL

85% tenant

energy data collection

vs 75% target



Net Zero Carbon

2035 target set

Our GRESB Journey

How have we achieved GRESB Green Star status?

- > Green lease clauses
- > Improved tenant utility data coverage through automatic data harvesting
- > Strong tenant engagement programme
- > Proprietary ESG Resilience Scorecard
- > Real Living Wage Accreditation
- > Asset level ESG annual audits through managing agents
- > Biodiversity initiatives on-site
- > Energy efficiency improvements
- > Improved governance processes and ESG integration across all areas of our business
- > ESG training for 100% of employees
- > Climate Risk audits through MSCI Climate Value-at-Risk
- > Appointed a net zero carbon partner and set a NZC



In 2021, FRELIF UK achieved a score of 66, a **136% increase** in its 2019 score.

In a year of extreme challenges presented by the pandemic, I am very proud of our FRELIF UK portfolio results. These results reinforce our commitment to the measurement of sustainable investment management practices in our business and the industry.



Rupert Sheldon,
FRELIF UK
Fund Manager

Case study 1

DATA COLLECTION

One of the biggest challenges we face in pursuing net zero is understanding how buildings are currently performing. Due to the nature of FRELIF UK, nearly all the energy consumed within the portfolio is procured directly by the tenants. To better understand the asset-level interventions necessary to achieve operational net zero carbon, we need to work with our tenants to share this data efficiently and accurately.

As a result, in 2020 we partnered with Etainabl to pilot an automatic data collection software in the FRELIF UK portfolio. Working with select tenants, we successfully set up automatic energy and water data transfers to provide our team access to regular, verified performance data. This means our tenants are not required to manually provide the data, which can be administratively burdensome.

Due to the pilot's success, we scaled the pilot to the rest of the portfolio in 2021. To date, nearly 60% of the portfolio by floor area has now signed up to this initiative. This insight into the energy consumption has proven crucial to the development of the Fund's net-zero carbon pathway and strong GRESB score.

This project will continue to be vital to monitoring and reporting on our environmental performance.

ETAINABL

Data Coverage Targets

In Q4 2020, we set data coverage targets of 75% for energy and 50% for water and waste using Etainabl and manual data collection. This was an ambitious target, particularly given that the portfolio's energy coverage is almost entirely controlled by its tenants. In 2021, we surpassed these targets and our performance is shown below.

ENERGY DATA COVERAGE

TARGET
75%

ACHIEVED
85%

WATER DATA COVERAGE

TARGET
50%

ACHIEVED
61%

WASTE DIVERTED FROM LANDFILL

ACHIEVED
655 tonnes

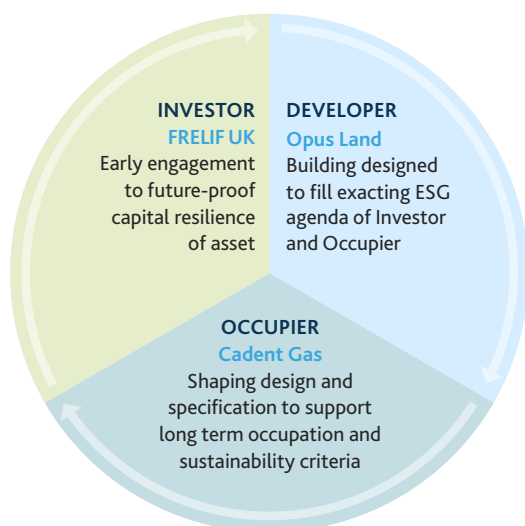
Past performance is not an indicator of future results.

Case study 2

CLOSING THE PERFORMANCE GAP

Wolverhampton Asset

A priority across all Fiera Real Estate UK funds is to tackle the performance gap between the anticipated and actual sustainability performance of buildings. Our Planetary Road investment in Wolverhampton is bringing together the developer (Opus Land), the occupier (Cadent Gas) and the investor (FRELIF UK) to work collaboratively from the outset to ensure individual ESG agendas are met, whilst proactively closing the performance gap before it emerges.



Building Certifications:

- > Target BREEAM Excellent
- > Target EPC A

Social (Health and Wellbeing)

- > Ensure positive impact on mental and physical health – Fitwel and WELL certifications
- > Local contractors and labour
- > Pathway to real living wage accreditation

Sustainability Credentials:

- > Target 10% parking spaces with EV charging points
- > Photovoltaic (PV) panels on roof
- > Superior water and energy efficiency by design
- > Promoting bio-diversity, enhancing ecological value e.g. bird boxes, bug hotel, varied plant life



Planetary Road, Fiera Real Estate Long Income Fund UK, Opus Land

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