

Fiera Real Estate



Sustainability Risk Disclosure Document

Europe, Q4 2023





Fiera Real Estate European 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.

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

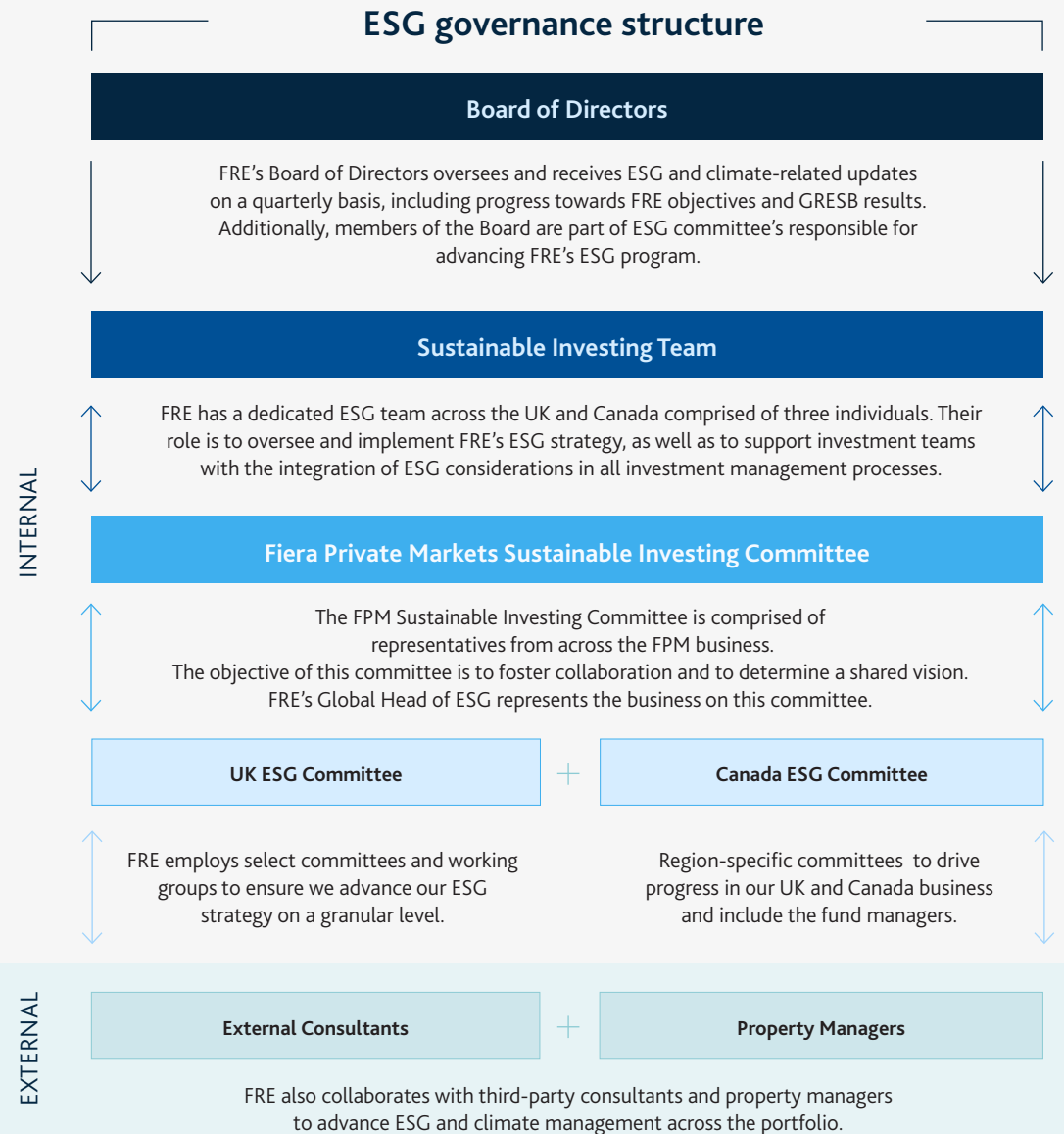
The Sustainable Development Goals, (“SDGs”), are a collection of 17 global goals, designed with a mission to achieve a better and more sustainable future for all people and the world by 2030.

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



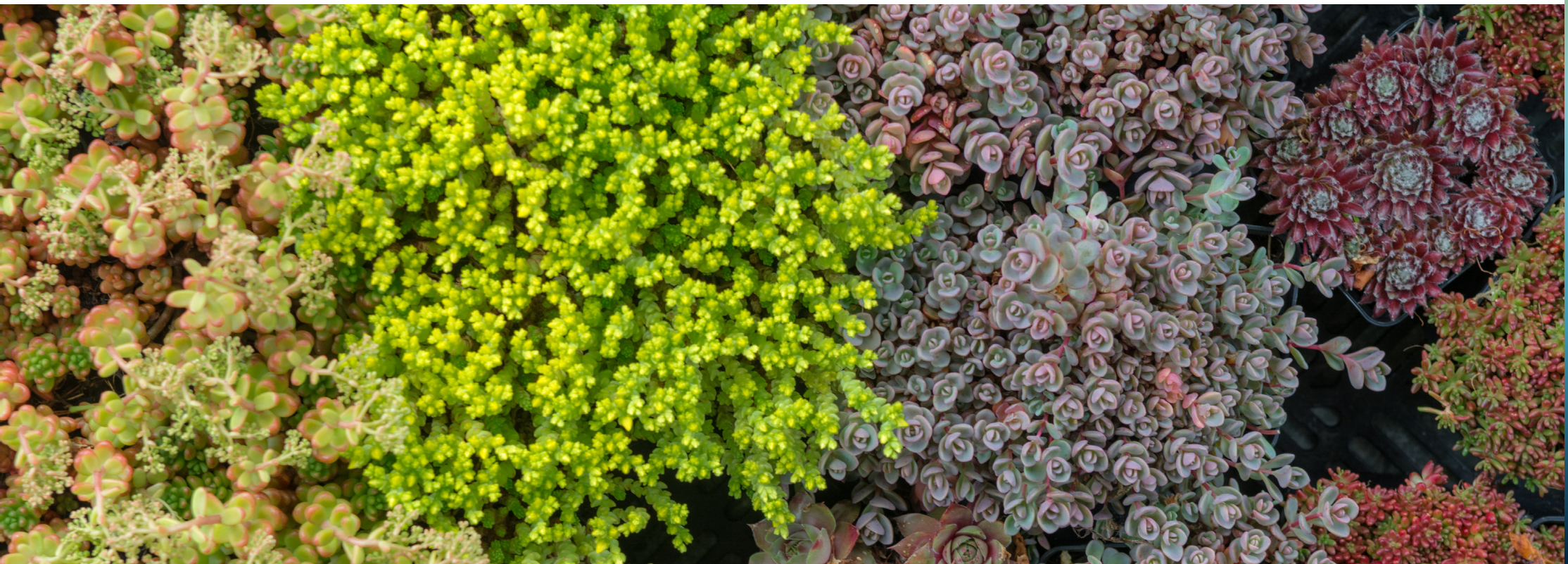
Governance

ESG considerations are governed through existing management structures at Fiera Real Estate (“FRE”), which facilitate the oversight and integration across our business.



Sustainability Risk

The following section provides an overview of how sustainability risk is approached throughout the investment life cycle of an asset.



ACQUISITION

The sustainability risk of an asset is considered prior to acquisition through the use of our ESG resilience scorecard. The scorecard is a proprietary tool that we developed to help assess the ESG risk exposure, pricing and long-term resilience of assets.

The scorecard considers the following factors:

- Environmental certifications and ratings
- Building fabric and materials
- Building services
- Physical climate risk
- Socio economic risks
- Energy efficiency
- Water efficiency
- Waste management
- Health and wellbeing
- Biodiversity
- Accessibility

The asset scores from the ESG resilience scorecard are factored into investment decisions and included in IC Papers when an investment opportunity is submitted for approval.

We use MSCI's Climate Value-at-Risk ("CVaR") due diligence portal to assess the physical and transition risk of an asset during this stage of the investment cycle.

Further to the above, for portfolios with a net zero carbon ("NZC") commitment, NZC due diligence surveys are conducted prior to purchase in order to determine the work required to transition the asset to net zero. This information enables us to factor in the cost of these works into the budget for the asset.



OPERATION

Sustainability risk is continually monitored and managed for all operational assets within our portfolio.

Our 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. In addition, our managing agents are set annual KPIs (including improving biodiversity, energy efficiency and social value), which we monitor quarterly.



Other ways that we consider sustainability risk for our operational assets are:

PHYSICAL RISK

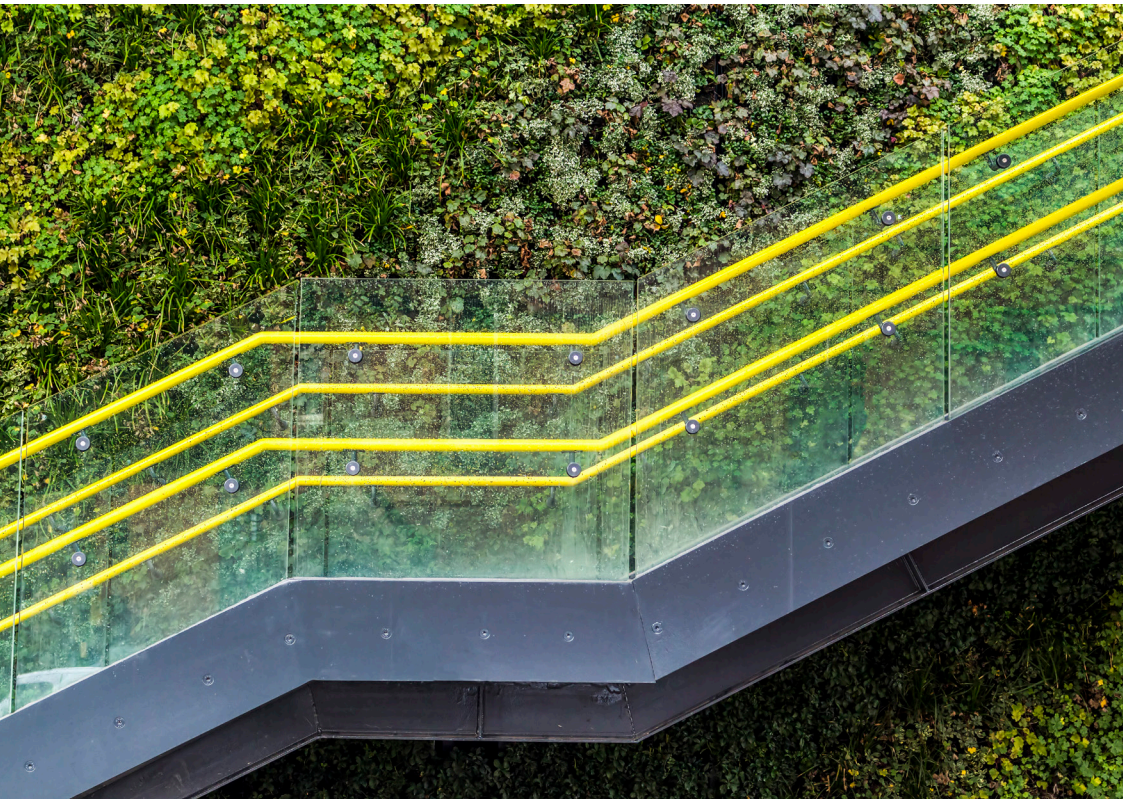
- ▶ We have signed up to MSCI's Climate Value at Risk tool and review the risk across the portfolio on a quarterly basis.
- ▶ We have collaborated with risk specialists to improve our processes to identify resilience practices .

TRANSITION RISK

- ▶ We monitor utility data on an on-going basis through our automatic data collection project. This project involves automatically collecting tenant utility data directly from their suppliers using a Letter of Authority ("LoA"). Currently over 60% of the portfolio by floor area have signed up to this project. For those tenants who have not signed up, we manually request the utility and waste data on a quarterly basis.
- ▶ GHG emissions data is quantified and reported to investors on a quarterly basis.
- ▶ We have a standard green lease that is used for all new leases on the portfolio.
- ▶ NZC audits are conducted for the largest emitting assets on the portfolio to determine costed pathways to reduce GHG emissions.
- ▶ Each asset has an ESG Asset Plan with specific recommendations to improve the performance of the building.
- ▶ We have an ambitious roadmap and cost model for our FRE Long Income Fund UK ("FRELIF") on how to achieve NZC by 2035.
- ▶ As a result of the above initiatives, ESG criteria is incorporated into asset budgeting.

DEVELOPMENT

Sustainability risk is an essential consideration for all of the development projects which we are involved in.



Prior to purchasing we have a version of the ESG resilience scorecard that is specific to development sites and considers:

- ▶ Site selection
- ▶ Targeted environmental certifications and ratings
- ▶ Energy
- ▶ Biodiversity
- ▶ Physical climate risk
- ▶ Transport
- ▶ Socio-economic factors
- ▶ Health and wellbeing

We also have a Sustainable Design Brief ("SDB") which sets out our minimum sustainability requirements for all FRE funded development projects, which includes requiring NZC construction to be considered for all projects. The SDB has different requirements depending on the asset type and in addition to the factors covered by the ESG resilience score card, it also considers:

- ▶ Building fabrics and materials
- ▶ Water
- ▶ Waste
- ▶ Circular economy

REAL ESTATE DEBT FUND

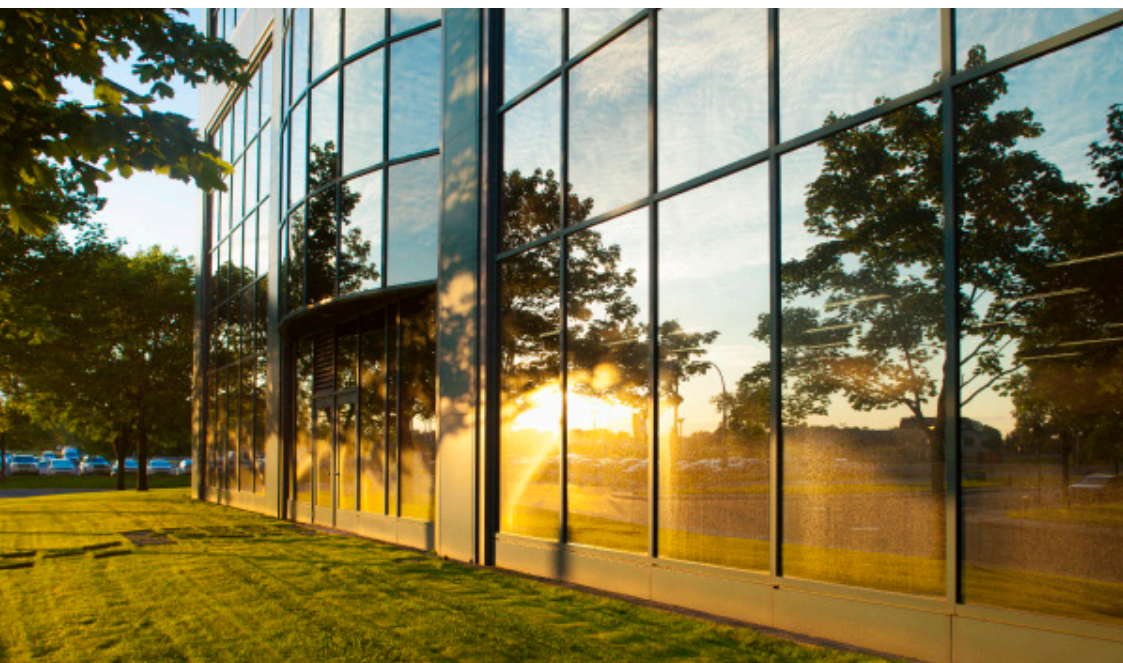
Sustainability risk is assessed for each potential project prior to a loan agreement being made, and the risk is monitored on an on-going basis over the term of the loan.

Our Sustainable Lending Framework is used to consider the ESG position for all potential borrowers/sponsors, as well as the ESG characteristics of each project. In order to be eligible for a loan each project needs to score above a certain threshold. If a project doesn't meet this requirement, unless there is an exceptional circumstance, we either will not proceed with the loan or we will work with the borrower/sponsor to improve the score to the necessary level.

The Sustainable Lending Framework has different requirements depending on whether the project is a new development, major refurbishment, or existing asset and it covers:

- ◆ Governance and Reporting
- ◆ Borrower/Sponsor corporate decarbonisation
- ◆ ESG policies, practices & controversies
- ◆ Building certifications
- ◆ Project decarbonisation
- ◆ Renewable energy
- ◆ Waste management
- ◆ Biodiversity
- ◆ Transport infrastructure
- ◆ Health and wellbeing
- ◆ Physical climate risk

To monitor the emissions related to our lending activity a data sharing clause has been built into loan agreements. The data collected includes operational and embodied emissions data, as well other factors such as building certifications, anticipated energy use intensities, and low-carbon technologies installed.



Reporting

We regularly report on the sustainability risk and performance of our assets to our stakeholders.

Quarterly reporting: we provide investors with quarterly updates on the portfolio's performance. These reports include energy and emissions data, performance to date against our sustainability targets and updates on any completed projects within the previous quarter.



GRESB

We undertake GRESB submissions for all of our live portfolios on an annual basis.



PRI

Achieved 4 Stars in Principles for Responsible Investment Survey in 2022.



SFDR | Fiera Real Estate Long Income Fund (“FRELIF”)

The Principles of Adverse Impact (“PAI”) that we monitor for our real estate assets are listed in the table below.

Type	Adverse Sustainability Indicator	Metric	Interpretation	Monitoring
Principal	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Number of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	This monitored as part of our ESG Resilience Scorecard. As part of the Fund’s NZC pathway we are working to remove all reliance on fossil fuels from the portfolio.
	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets Based on EPC/NZEB	Number of investments in energy inefficient real estate assets, based on EPC/NZEB	This monitored as part of our ESG Resilience Scorecard, and our on-going data collection. As part of the Fund’s NZC pathway we are working to reduce the energy demand across all assets in the portfolio.
Voluntary	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets Scope 2 GHG emissions generated by real estate assets From 1 January 2023, Scope 3 GHG emissions generated by real estate assets Total GHG emissions generated by real estate assets	The GHG emissions generated by the operation of real estate assets within the Fund	This monitored as part of our ESG Resilience Scorecard, and our on-going data collection. We are actively working to decarbonise our portfolio, and have set a Net Zero Carbon target of 2035.
	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	The energy consumption associated with the operation of real estate assets within the Fund	This monitored as part of our ESG Resilience Scorecard, and our on-going data collection. As part of the Fund’s NZC pathway we are working to reduce the energy demand across all assets in the portfolio.
	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	Number of real estate assets within the Fund that are not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	This monitored as part of our ESG Resilience Scorecard.

SFDR | Fiera European Real Estate Debt Fund (“FERED”)

The Principles of Adverse Impact (“PAI”) that we monitor for our real estate assets are listed in the table below.

Type	Adverse Sustainability Indicator	Metric	Interpretation	Monitoring
Principal	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Share of loans related to real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	This is monitored as part of the Sustainable Lending Framework, and as part of the on-going data collection
	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets Based on EPC/NZEB	Share of loans related to energy inefficient real estate assets, based on EPC/NZEB	This is monitored as part of the Sustainable Lending Framework, and as part of the on-going data collection
Voluntary	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets Scope 2 GHG emissions generated by real estate assets From 1 January 2023, Scope 3 GHG emissions generated by real estate assets Total GHG emissions generated by real estate assets	The GHG emissions generated by the operation of real estate assets for which loans are in place	This is monitored as part of the Sustainable Lending Framework, and as part of the on-going data collection
	20. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	The energy consumption associated with the operation of real estate assets for which loans are in place	This is monitored as part of the Sustainable Lending Framework, and as part of the on-going data collection



Remuneration and integration of sustainability risks

FRE has integrated sustainability risk in the remuneration of staff by including an ESG requirement for staff bonuses to be paid. All staff members have ESG requirements within their ESG targets, but the requirements vary depending on the function of the role that the staff member is performing.



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