

Fiera Real Estate UK

Corporate Net Zero CARBON PATHWAY

2023



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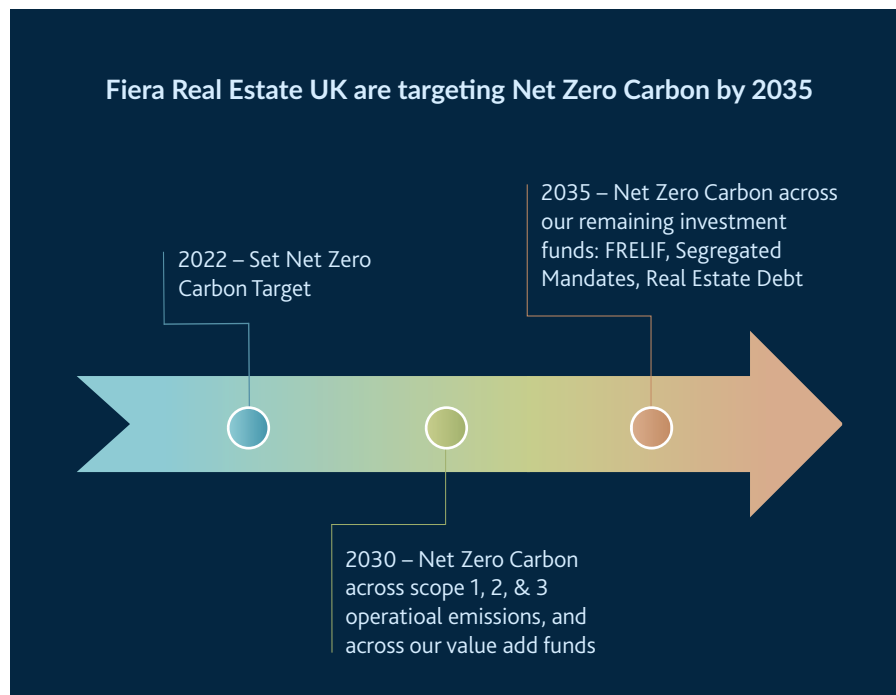


Net Zero Carbon Target Overview:

At Fiera Real Estate UK (“FRE UK”) we recognise the impact that we, and our managed funds, have on people, planet and communities and believe that we have an opportunity and a responsibility to drive real change across our sector.

To date we have considered our corporate operational emissions, and the emissions associated with our investment activities separately. We have worked with Planet Mark to measure, report and reduce our corporate operational emissions, which fall into scope 1 & 2, and we have separately monitored and reported on our scope 3 emissions relating to our investment activities.

Earlier this year we set a Net Zero Carbon (“NZC”) target for our Fiera Real Estate Long Income Fund UK (“FRELIF”), however in order to ensure that our approach to decarbonisation is aligned across the business we are now setting an FRE UK target which covers our scope 1, 2 & 3 emissions. Within this target we have established individual goals for each fund and for our corporate emissions, and the information in the rest of this document details our approach to achieving this target.



Net Zero Carbon Target Scope



Activities which generate GHG emissions for real estate investments (directly or indirectly)	Activities controlled by landlords	Activities controlled and managed by tenants	Corporate/Head Office
Energy to operate buildings (electricity, fuels & heat networks)	✓	✓	✓
Water to operate buildings	✓		✓
Waste generated during operation	✓		✓
Purchase of goods and services (M&E & property management services)	✓		✓
Business travel (excluding that associated with development works)			✓
New development works	✓		✓
Refurbishment works	✓		✓
Fit-Out Works	✓		✓
End of Life			

The boundaries of our NZC commitment includes all our investment portfolio and properties therein, with the exception of:

- > Assets held on ground leases – these assets have been excluded due to the negligible degree of influence that we have over their operation.
- > Residential Land Partnership portfolio – this fund only holds and sells land without undertaking any development works and as there are no associated emissions it has been excluded from this target.
- > Tenant Fit-Out Works – these works have been excluded due to the lack of control we have over them, however we do provide guidance to tenants on this topic through our Fit-Out Guide.

What we mean by Net Zero Carbon

We are aware that there are multiple definitions for the term 'Net Zero Carbon' in relation to commercial real estate, and that whilst there are strong similarities across them all, there are also some key differences. These differences make comparing progress difficult and understanding the impact of NZC targets challenging.

Due to this issue, we have chosen to align with the UK Green Building Council's definition of Net Zero Carbon:

NET ZERO CARBON – CONSTRUCTION

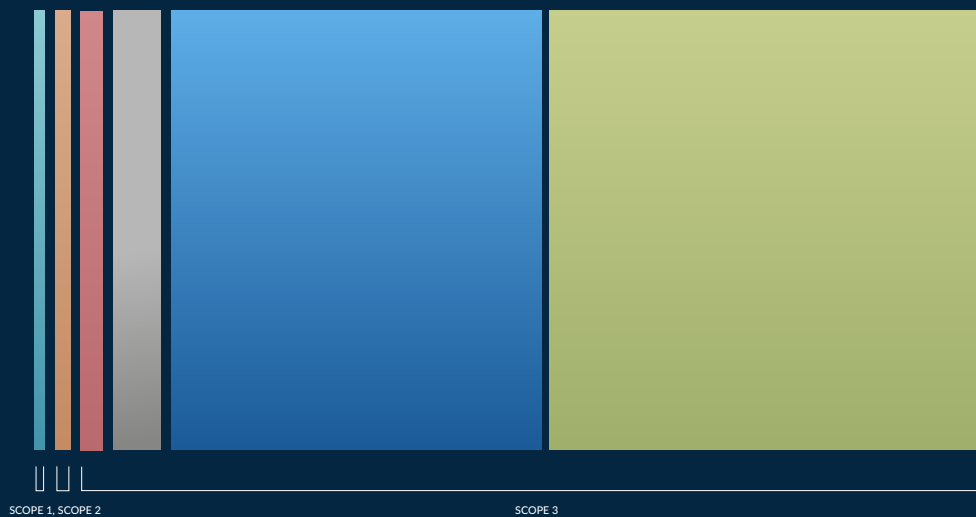
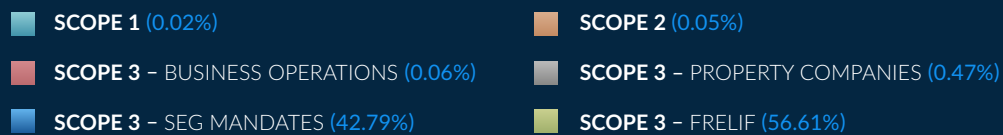
When the amount of carbon emissions associated with a building's product and construction stages up to practical completion is zero or negative, through the use of offsets or the net export of on-site renewable energy.

NET ZERO CARBON – OPERATIONAL ENERGY

When the amount of carbon emissions associated with the building's operational energy on an annual basis is zero or negative. A net zero carbon building is highly energy efficient and powered from on-site and/or off-site renewable energy sources, with any remaining carbon balance offset.

Our Carbon Footprint 2021

SCOPE 1, 2 & 3 Emissions – Operational



The diagram above is for operational emissions only and does not reflect embodied carbon emissions related to our development activities.

Our scope 1 & 2 emissions are significantly lower than our scope 3 emissions which cover our investment activity. As such in order to ensure our NZC target is meaningful our target will cover our direct emissions (i.e. our scope 1 & 2 emissions), as well as our indirect emissions (scope 3 emissions) associated with tenant operations at our buildings as well as our direct emissions (scope 3 emissions) associated with tenant, development and borrower operations.

We have very limited control of the buildings within our investment portfolios as they are let on FRI leases and operated by our tenants, meaning that tenant engagement will be key to achieving our NZC target.

Also included within our scope 3 are the emissions related to the property companies that we have an investment in. These emissions have been included on an equity share basis.

Business Operations Emissions

Scope 1, 2 & 3

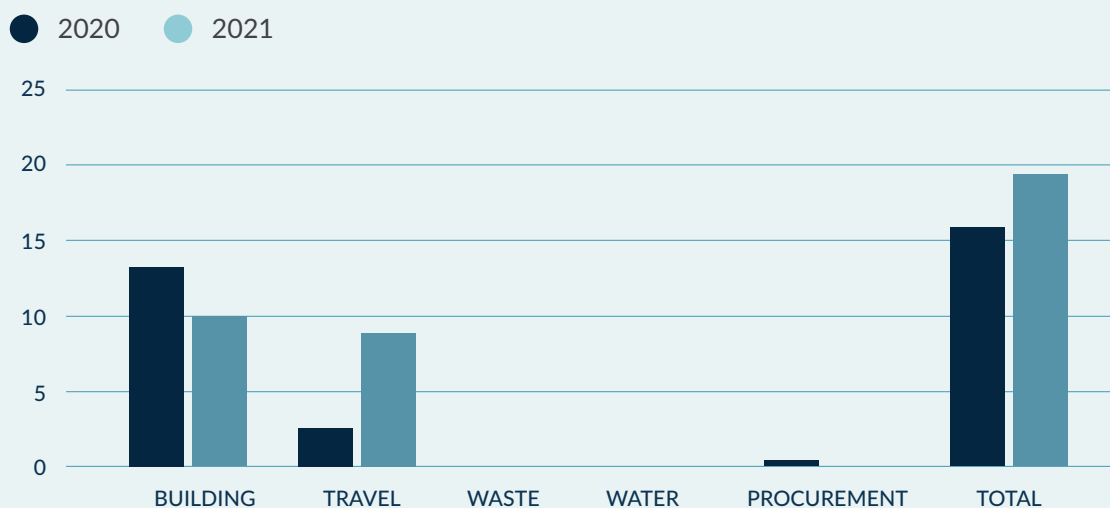
We have worked with Planet Mark since 2020 to measure and report on our scope 1 & 2 carbon emissions, receiving the Planet Mark business certification for both years.

It should be noted that our first year of data collection was impacted by the Covid-19 pandemic and so does not represent a 'business as usual' year. As such 2021 will be used as our baseline year for the purposes of our NZC target.

In order to reduce our emissions in line with our NZC target, we are looking at the following:

- > Engaging with our landlord to improve our office building and remove fossil fuels
- > Implementing a travel hierarchy
- > Instigating an employee EV scheme
- > Reviewing the operation of our office space to identify efficiencies
- > Updating our procurement policy to reflect our NZC ambitions

Scope 1, 2 & 3 Operational Emissions 2020 & 2021



(mtCO ₂ e)	Building	Travel	Waste	Water	Procurement	Total
2020	13.1	2.4	0.01	0.1	0.2	15.81
2021	10.6	9.0	0.01	0.05	0.01	19.67

Property Companies

FRE UK is a 33.3% shareholder in nine property companies across the UK, and the scope 1, 2 & 3 emissions for these companies fall into FRE UK's scope 3 emissions.

We will be working closely with the property companies to collect their emissions data and help to reduce their carbon footprint in line with our NZC target.



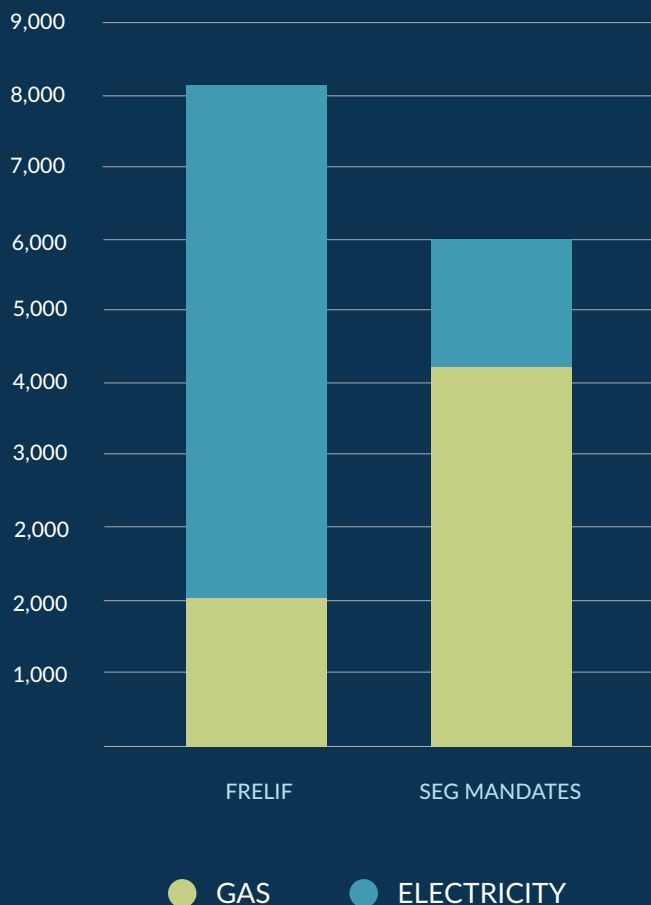
Property Companies

- › Angle Property
- › Cubex Land
- › Danescroft
- › Harleyford Capital
- › Manse
- › Opus Land
- › Opus North
- › Packaged Living
- › Wrenbridge & Wrenbridge Sport



Operational Emissions

Investments



Data collection methodology:

FRELIF – We collect over 60% of occupier utility data automatically from tenant utility suppliers using a Letter of Authority (“LOA”). In addition to this we continue to manually request data for those tenants who preferred not to use an LOA. This approach has enabled us to collect over 85% tenant data for 2020 and 2021.

Segregated Mandates – We started to collect data for this portfolio for the calendar year of 2021. At the moment we do this via a manual annual data request and have successfully collected data for over 80% of the portfolio.

Data Storage:

We store the data for landlord and tenant procured utilities within our utilities portal. We also have a separate database for other ESG data points such as building certifications and physical climate risk data. In order to visualise and analyse these separate data sets in one place, we have built a proprietary ESG Dashboard.

Operational Emissions from Investments – Approach

MINIMISE ENERGY DEMAND	> Reduce the current energy demand at our assets.
REMOVE RELIANCE ON FOSSIL FUELS	> Move away from using fossil fuels such as natural gas as a fuel source, and instead use a renewable source of energy.
SOURCE ENERGY FROM RENEWABLE SOURCES	<ul style="list-style-type: none"> > Ensure landlord energy is procured from 100% renewable sources. > Invest in on-site renewable energy systems. The energy generated will be sold to occupiers through a Power Purchase Agreement (PPA) - any electricity generated surplus to the tenant's requirements will be supplied to the grid.
EMBODIED CARBON	> Life Cycle Assessments (LCAs) on all new projects and prioritise refurbishments where possible; select recycled or re-used material; and encourage the use of low carbon material.
OFFSET REMAINING CARBON EMISSIONS	> Only offset once carbon emissions have been reduced as much as possible; and any credits purchased will be independently verified, transparent and traceable.

Operational Emissions from Investments – Acquisitions

In order to manage the introduction of new assets into our NZC pathway we factored specific ESG and NZC requirements into our due diligence process. FRE UK's proprietary ESG Resilience 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.

In addition to this we have also introduced a NZC due diligence survey which looks at the specific works required at a new asset in order to transition to NZC, and the likely costs involved in undertaking them.

Real Estate Debt

We have a Sustainable Lending Framework that considers 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.

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.

Embodied Carbon Emissions

Development Activity

In addition to our operational carbon emissions, our development activity also generates significant embodied carbon emissions which fall into the scope of this NZC target. For the purpose of this pathway, we will be using Life Cycle Assessments (“LCA”) to monitor and measure the embodied carbon emissions associated with our development activity.

We will continue to use our Sustainable Design Brief (“SDB”) to ensure that our minimum ESG requirements are met for all FRE UK’s funded development projects. The SDB is updated on a regular basis to reflect our growing ESG ambitions and what is considered best practice. Currently the SDB contains a requirement that NZC construction is targeted for all developments, and as we move closer to our NZC target data this will become a requirement rather than a target within the SDB.

We will be following the UKGBC’s Net Zero Carbon Building Framework for all of our NZC construction projects, and we will be working with an independent third party to verify that we have met the requirements of the framework.

Carbon Offsetting

Offsetting Strategy

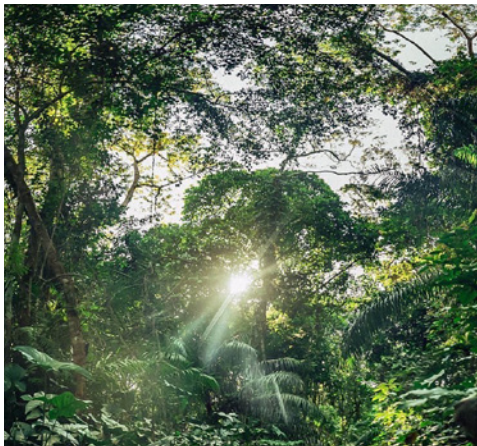
The primary focus of our NZC target is to reduce our carbon emissions as much as possible. It is highly likely however that when we have completed all of possible works, there will still be some residual carbon emissions that we are unable to eliminate. It is these residual emissions that we intend to offset.

We intend to use the following approach to purchasing offsets:

- > Work with an established and certified carbon offset project developer
- > All credits purchased will be independently verified, transparent and traceable
- > Where possible, support offsetting projects located close to where the emissions have been created
- > Where possible, prioritise the use of carbon removal offsets over carbon avoidance

Existing Offsetting Activity

To date we have supported two carbon offsetting projects to offset **110%** of our residual scope 1 & 2 emissions.



The Kasigau Corridor Project

Amount of Carbon Removed: 19.8 mtCO₂e



Innovative Seaweed Farming Initiative

Amount of Carbon Removed: 2 mtCO₂e

Data Reporting

Verification and Assurance

We recognise the need for transparency and accuracy in regards to reporting on our progress towards our Net Zero Carbon Target.

We have instructed an independent third party to conduct a verification, to the ISO 14064-3 guidance, of FRE UK's GHG assertion. The aim of this exercise is to provide an assurance statement, to the intended users of FRE UK's GHG assertion, that it is complete, accurate, consistent, transparent and without material discrepancies. The exercise will be conducted to a limited level of assurance, applying a 5% materiality threshold, both of which are in line with industry best practice and ensure a high level of confidence with the stated emissions.

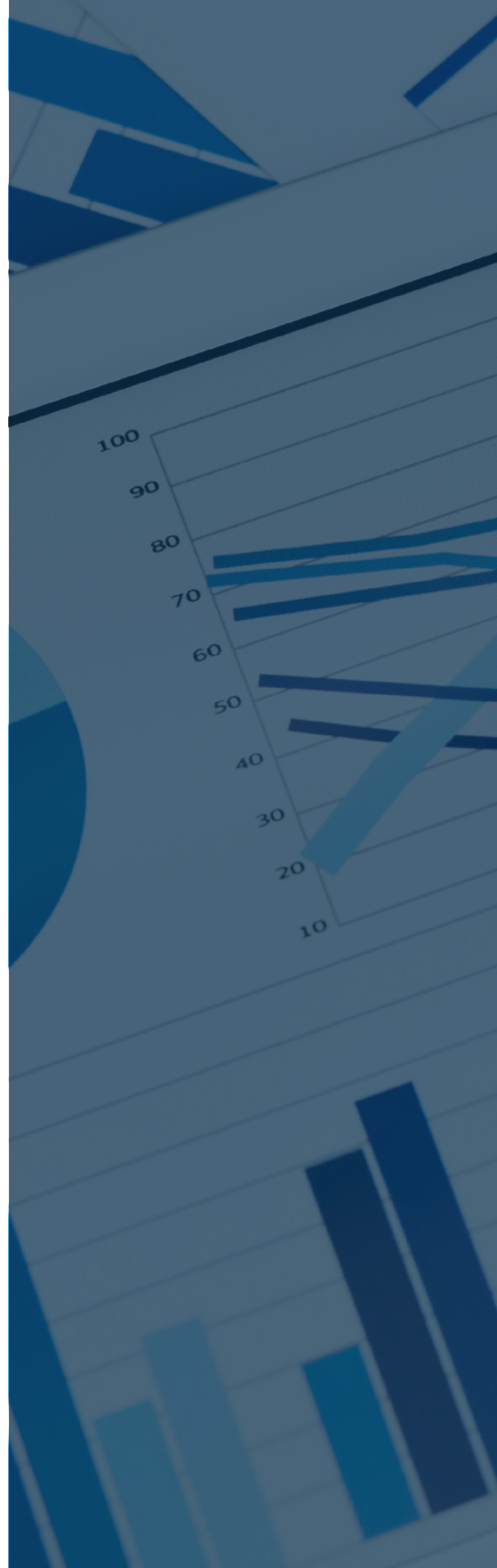
Reporting

We will report on progress against our target on an annual basis.

Industry Collaboration

We are collaborating with the wider industry to help produce the Net Zero Carbon Building Standards. A member of our ESG team is representing FRE UK on the Operational Energy Task Group (1a), and FRE UK has committed to contribute operational energy data to assist with benchmark creation.

FRE UK has also joined the Better Buildings Partnership (BBP) as of October 2022, and has signed up to the BBP's Climate Change Commitment, as such are committed to the BBP's definition of Climate resilience.



Appendix – Reporting Metrics

Topic	Outcomes/Aims	Delivery Strategy	Reporting Metrics
Operational carbon reduction	Reduce operational energy use across our business operations and our investment activities in support of our net zero carbon target	<ul style="list-style-type: none"> > Deliver carbon reduction against our baseline on an annual basis. This target includes scope 1, 2 and 3 > Engage with the property companies to reduce their scope 1 & 2 emissions > Engage with our occupiers to collaboratively reduce carbon emissions across our portfolios > Continue to work with occupiers to establish a data sharing programme for occupier procured utilities and waste > Undertake site assessments across the portfolio to understand the works required to transition the buildings to being Net Zero Carbon in operation 	<ul style="list-style-type: none"> > Operational carbon emissions (tCO₂e) including scope 1, 2 & 3 > % reduction in operational carbon emissions (tCO₂e) compared with baseline year
Carbon associated with development and refurbishment	Reduce embodied carbon associated with development and major refurbishment projects	<ul style="list-style-type: none"> > Measure the embodied carbon of materials used in refurbishment and construction projects as per the Sustainable Design Brief > Target Net Zero Carbon construction on all new developments 	<ul style="list-style-type: none"> > Embodied carbon intensity for new developments (kgCO₂e/m²) > Total embodied carbon (tCO₂e) for each development > % Reduction in embodied carbon compared with design stage baseline and compared with current industry standard baselines
On-site renewable generation	Provision of renewable energy direct to assets	<ul style="list-style-type: none"> > Install solar PVs across our portfolio, increasing our on-site renewable electricity capacity whilst reducing our grid dependence > Where feasible maximise the amount of PV installed as part of development projects 	<ul style="list-style-type: none"> > kWp > mtCO₂e saved > % of energy from on-site generation

Topic	Outcomes/Aims	Delivery Strategy	Reporting Metrics
Renewables procurement	Support the decarbonisation of the UK Grid	<ul style="list-style-type: none"> > Continue to purchase 100% renewable energy > Encourage tenants to purchase 100% renewable energy > Encourage property companies to purchase 100% renewable energy > Investigate alternatives to natural gas procurement 	<ul style="list-style-type: none"> > kWh/year > % of electricity from renewable sources > % of assets on gas alternatives
Offsetting	Offset residual carbon emissions using a certified standard	<ul style="list-style-type: none"> > Select credible carbon offsetting schemes such as those verified by VCS and Gold Standard > Select carbon removal projects where possible 	<ul style="list-style-type: none"> > Carbon emissions offset (tCO₂e) > Number and type of offsetting schemes
Third party verification	Ensure transparency and credibility of our net zero pathway	<ul style="list-style-type: none"> > Undertake 3rd party verification of our progress towards NZC to provide confidence and transparency around our ESG disclosures 	<ul style="list-style-type: none"> > ISO 14064-3

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