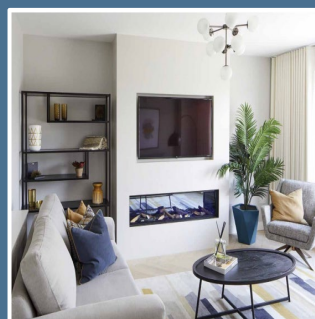
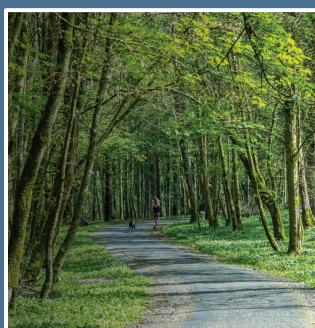




Residential Income Fund (ARIF)

Environmental & Social Impact Strategy 2021/22





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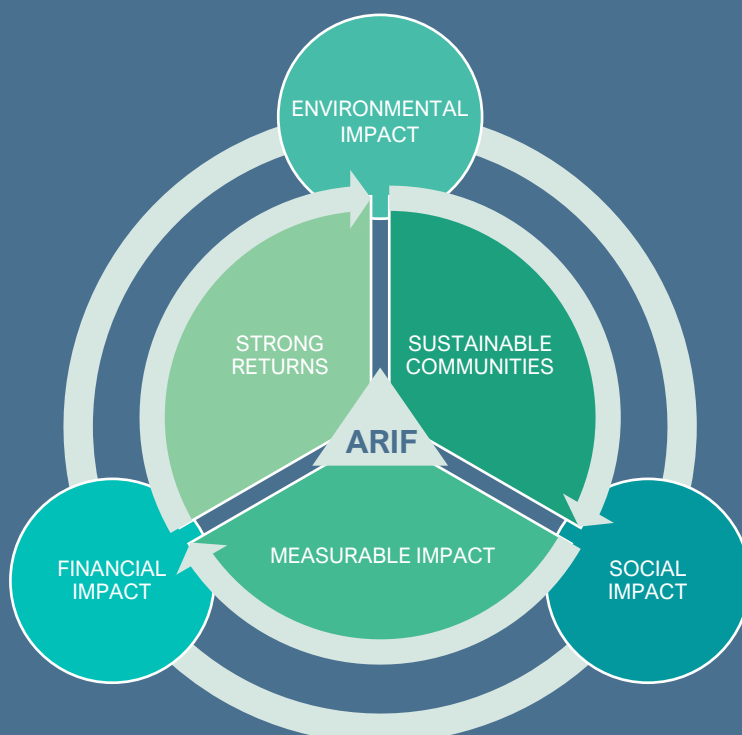


Introduction

ARIF is a core residential open-ended fund, focused on the **social and affordable mid-market rental** sectors in the **Greater Dublin Area**

ARIF strives to operate to high **Environmental, Social & Governance (ESG)** standards, recognising that achieving the best possible returns on behalf of our investors should not be at an undue cost to wider society or the environment.

This strategy communicates our overarching commitment to positive environmental and social impact through our activities, outlining our intent and the method in which we will monitor and report progress across the fund. This strategy is in alignment with the Ardstone Group's wider Responsible Property Investment (RPI) policy¹ and the Ardstone Homes divisional ESG Strategy and Brief for Acquisitions, however our aims to maximise the impact of the specific opportunities presented by the activities of the ARIF fund, and therefore its ambitions extend beyond the scope of this policy.



This document is available to be utilised by key stakeholders of the fund including investors, the fund management team, the asset and property management team, and development management partners.

¹ RPI Policy available on www.ardstone.com

Our Mission

Our mission is centred around the creation and growth of sustainable communities with a range of unit types to cater for all household mixes; offering apartments, duplexes and houses at income-based rental levels

We are committed to ensuring all our stakeholders from tenants to investors feel valued and integrated into our growing sustainable community.

We insist on quality throughout to set our homes apart, ensuring that they meet our residents' current and future living needs. We will work with our developer partners to offer homes that are :

- Part of sustainable new communities
- In great locations
- Managed by reliable and well supported on-site teams
- Close to high quality transport links
- Suitable for long-term occupation

Our Vision

At Ardstone our vision is to create long term sustainable communities through consistent communication with our residents and integrating assets into existing communities. Using our expert real estate knowledge, we will adapt our assets to cater for the current and future needs of our residents, constantly focusing on improving tenant satisfaction. We will do all of this in a sustainable and innovative fashion, working with our residents to create an environment where they feel at home.

Our Philosophy

Ardstone believes that by reducing our environmental impact and concentrating on delivering social impact to residents and the local community, our assets will have a low carbon footprint whilst continuing to create space where our residents and neighbourhoods can flourish.

Boundaries of our Strategy

This strategy applies to all assets within ARIF, however Ardstone is pragmatic in recognising that all assets will present different opportunities, which will vary in level of environmental and social impact they deliver, dependant upon limitations posed by the public realm, amenities, and facilities to deploy this strategy fully across the portfolio.

Our Guiding ESG Principles

To provide sustainable homes

We will aim for high sustainability standards which seek to minimise carbon emissions and ensure our properties defend value and are future proofed from climate-related risks.

To create social value within our communities

We will support the local communities in which we operate by ensuring our neighbourhoods positively address local community needs and wider social issues.

To lead on governance and performance disclosure

We will quantify and verify the environmental and social impacts of our assets, review progress against our objectives and targets, and report our ESG performance to our Investors, giving confidence that their investment is being managed in a responsible manner.

Our Objectives for ARIF

Our purpose, vision and principles have been distilled into the following core objectives.



Housing

To provide good quality housing stock for the social and private rental sectors in the greater Dublin area, to address the current shortage in quality housing for social and affordable mid-market rental sectors



Community

To build strong, and supportive communities in and around our assets by encouraging social engagement, empowerment, economic growth and promotion of health & wellbeing



Environment

To grow and operate a portfolio of sustainable low carbon assets which are future proofed from climate-related risks, both physical and transitional



UN Sustainable Development Goals (SDGs)

The guiding principles of our ESG strategy have been informed by five key UN Sustainable Development Goals (SDGs) which we believe to have the most material relevance to our business.

The SDGs represent 17 ambitious goals to achieve meaningful sustainable development across our communities, the environment, and prosperity.



Ensure healthy lives and promote wellbeing for all ages

We are committed to providing high quality living environments and engaging our residents and the local communities in and around our assets, by supporting initiatives that promote health & wellbeing for all.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We are committed to continually embedding ESG into every part of what we do as a business, including managing our supply chain to ensure responsible and ethical working practices throughout our portfolio.



Make cities and human settlements inclusive, safe, resilient and sustainable

We are committed to supporting and growing sustainable mixed communities, including by actively promoting the inclusion of public spaces, ensuring they are accessible to all, and championing community and charity initiatives.



Ensure sustainable consumption and production patterns

We are committed to setting performance requirements for our projects and operational assets which focus on the efficient use of natural resources, lifecycle efficiency and high levels of waste recycling through engagement with residents and supply chain partners.



Take urgent action to combat climate change and its impact

Climate change represents one of the single greatest threats to our modern society, therefore we are committed to reducing our environmental impact, striving for low carbon communities.

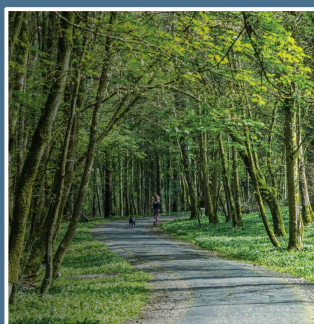


Social Value Creation

As an owner of assets located in communities across greater Dublin and Ireland, we are committed to enhancing the lives of the communities we serve while minimising our impact on the environment. We believe the built environment has a significant direct and indirect socio-economic impact on well-being, quality of life, and the prosperity of local communities and individuals. Our approach is community centric and is based on the principles of social value. Therefore to ensure the fund continues to create social value through its assets, we will focus on:

- Encourage employee and resident volunteerism to support the causes that matter most to our business, employees and communities
- Ensure all estates and assets have community engagement plans to guide on the ground support of community based initiatives
- Continued engagement with local authorities and communities to understand the social value related needs we can support on
- Facilitation of support for charities and local community groups through use of public realm, and community space wherever possible
- Designing public realm to enhance the safety of our neighbourhoods
- Ensure all assets are accessible with connection to multi-modal transport networks
- Engage our suppliers to adopt similar principles on social value and creating positive community impact

A structured and comprehensive approach to community engagement demonstrates the extent of integration of community issues into ARIF's overall strategy. Assessing and understanding our on-going socio-economic impact of assets in the fund helps us to create more liveable, prosperous and sustainable communities on-going.





Governance

Governance is key to ensuring the successful delivery of the fund's environmental and social strategy. Clear roles, responsibilities, reports, and lines of communication have been established to achieve the required outcomes.

The Ardstone Group has a **Responsible Property Investment (RPI)** Committee chaired by the Ardstone Group CEO, **Donal O'Neill**. This committee has ultimate responsibility for the setting of group level governance and policies and overseeing the implementation of the policy at a group level through to the portfolios and assets.

In order for ARIF to meet the group's overarching objectives, Ardstone's Guiding ESG principles, and the fund-specific objectives, ARIF has established an Environmental and Social Governance (ESG) Committee, with representatives from the fund & asset management team, and development & property management teams. It is this committee that is responsible for the development of the fund-level strategy and monitoring its implementation. The Committee will meet quarterly to review progress against objectives and key performance indicators (KPIs).

ARIF's ESG Committee



Reporting and Benchmarking our Impact

An essential element of our ESG strategy is the monitoring and reporting of our impact across the portfolio. This includes benchmarking our performance against industry standards to ensure we continue to demonstrate leading environmental and social impact practices.

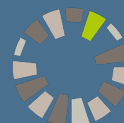
The following section communicates some of the areas and methods in which ARIF will monitor and report its performance to Investors.

Investor Level Reporting

1. Progress against relevant KPIs and objectives will be reported quarterly as part of our fund management reporting.
2. After the first year, ARIF will undertake its first Environmental and Social Impact Review within its Annual Report, which will communicate progress against our KPIs and will set out the fund's objectives for the following year.

Global Real Estate Sustainability Benchmark (GRESB)

From 2022 onwards, we will report ARIF's annual ESG performance under the Global Real-Estate Sustainability Benchmark (GRESB), to ensure consistency in reporting on the fund's progress that can be measured against other similar real-estate funds.



GRESB is the largest sustainability benchmark assessment for real estate companies globally. It evaluates participating companies' performance on ESG issues against leading industry standards and peer performance.

G R E S B[®]

The GRESB assessment is a comprehensive questionnaire requiring companies to submit evidence for how they manage sustainability at the corporate, portfolio and asset level.

GRESB's Mission

"The transition to sustainable real assets is one of the most fundamental challenges we face. It can only be met with reliable ESG information, standardised global benchmarks and collective action from all our stakeholders as we work towards a more sustainable future." - GRESB



Key Performance Indicators (KPIs)

Ardstone has set Key Performance Indicators (KPIs) for ARIF that will help ensure the fund achieves its core objectives. These KPIs have been designed to consider all key stakeholders including our employees, residents, local communities, site management teams, and our supply chains.

ARIF will review the progress against the KPIs on a quarterly & annual basis, and as the fund matures we will review their effectiveness and ambition; this particularly applies in the fund's first year. The KPIs also form a key part of our reporting to Investors on progress.

KPIs have been aligned to the core objectives:



Housing

To provide good quality housing stock for the social and private rental sectors in the greater Dublin area, to address the current shortage in quality housing for social and affordable mid-market rental sectors



Community

To build strong, and supportive communities in and around our assets by encouraging social engagement, empowerment, economic growth and promotion of health & wellbeing







Environment

To grow and operate a portfolio of sustainable low carbon assets which are future proofed from climate-related risks both physical and transitional



Housing

High quality living for all needs

	Objective	Target	Reporting	Reporting Metric
	Provision of high quality homes to both social and private tenants which deliver on our purpose of providing a better lifestyle for Irish families	<ul style="list-style-type: none"> To manage homes which fulfil the quality expectations of our customers To confirm attendance of required maintenance personnel within 2 working days of receipt of tenant maintenance request 	Annual	<ul style="list-style-type: none"> Results of new resident satisfaction surveys Average response time to tenant maintenance requests
	To provide genuinely affordable homes by adopting an income based definition, as opposed to a market based definition (see Appendix A)	Rent for units shouldn't fall outside the defined target market	Quarterly	Percentage of rents which fall within target amount
	Assist with housing marginalised and vulnerable people, who are unable to access private rented accommodation, by providing social housing at a proportion considerably higher than the statutory 'Part V' requirement of 10%	Portfolio make-up to remain at least 30% to social tenancies	Annual	Percentage of homes provided at subsidised rates to local authorities
	To support healthy communities by providing living, recreation and business environments which promote wellbeing	New acquisitions must provide amenity space for residents	Annual	Average sq.m of amenity space in assets



Community



Promoting local skills,
employment, and business

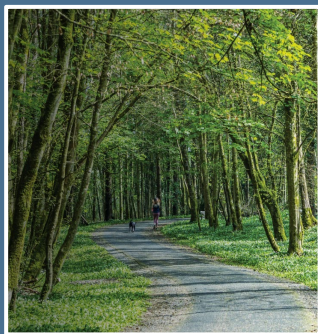
	Objective	Target	Reporting	Reporting Metric
	Provide employment opportunities in new construction for: <ul style="list-style-type: none"> • people from disadvantaged backgrounds • people with limited education and training • groups that are marginalised from specific jobs • young people 	Targets to be set specific to size of development	Annually	Number of opportunities created
	Provide events which help to improve skills and opportunity awareness amongst local young people	Provide at least 1 site visit per year for local school children to raise awareness of career opportunities in the built environment sector OR facilitate schools outreach programme through the property managers to promote access to the real-estate sector.	Annually	Number of site visits held OR number of locations where an outreach programme has been set up.
	Provide opportunities for Charities and Voluntary Community Social Enterprises (VCSEs)	Facilitate communication channels between residents, charities and VSCEs to encourage resident support and volunteerism	Annually	Number and description of engagement/ activities and outcome reported
	Support the growth of new communities	Facilitate or promote local community based events amongst residents	Quarterly	Number of events promoted to residents
	Embed social value within our supply chain	Ensure material weighting given to social value as part of tenders and appointment of contractors. Contracts should include a commitment to ethical procurement, including as examples: <ul style="list-style-type: none"> • social value commitments • anti-slavery provisions • living wage commitments for employees • environmental policies • evidence of responsible procurement of materials 	Annually	Construction: Check before signing any Development Funding Agreements Operation: Audit contracts per year to ensure compliance by Property Manager



Community

Healthier, safer & more resilient communities

	Objective	Target	Reporting	Reporting Metric
	Demonstrate a commitment to improving health and wellbeing of residents	<ul style="list-style-type: none">• Ensure staff are trained in mental health awareness• Sign-post to residents access to health care and essential services that can provide advice and support with mental health	Annually	Percentage of staff trained in mental health awareness
	Annual monitoring of residents' satisfaction with community amenities and initiatives	Conduct an annual residents questionnaire to establish satisfaction with amenities and provisions and ensure a Net Promotor Score of greater than 40 is maintained.	Annually	Net Promotor Score



Environment

Protecting & Improving our Environment

	Objective	Target	Reporting	Reporting Metric
	Ensure homes perform to a high environmental standard	<ul style="list-style-type: none"> 100% of new build assets will have achieved NZEB. 100% of assets acquired will have an 'A' energy rating Post acquisition, all assets will be certified either in line with BREEAM or HPI, and be EU Taxonomy aligned 	Annually	Percentage of assets which meet applicable requirement
	ARIF uses and encourages procurement of renewable energy	<ul style="list-style-type: none"> 100% of landlord electricity supplies on renewable energy contracts 100% of tenants receive educational engagement material on renewable utilities, including available tariffs 	Annually	<ul style="list-style-type: none"> Percentage of Landlord supplies on renewable contracts Percentage of tenants in receipt of engagement material
	To monitor the water consumption rates of our assets	100% of new build assets of over 200 units will have water meters installed	Annually	Percentage of >200 unit new build assets with water meters
	Investigate feasibility of managing a carbon Net Zero portfolio	Produce a Carbon Net Zero feasibility report by the end of 2022 for the held portfolio	Annually	Report produced
	Ensure sustainability is embedded within our supply chain	75% of supplier contracts operating across the portfolio to include sustainability KPIs	Annually	Construction: % of compliant Development Funding Agreements Operation: Audit results of random sample of 5 contracts per year to ensure compliance by Property Manager
	Demonstrate a commitment to recycling	Achieve zero waste to landfill in landlord contracts and put in place recycling facilities and incentives around same for tenants	Annually	Annual waste management report with waste and disposal routes
	Hold active sustainability action plans for each asset	Hold sustainability action plans for each asset (including but not limited to) targeting energy reduction, biodiversity, waste and water management, including setting asset targets	Quarterly	No of assets with active Action Plans Produced

Sustainable Financial Disclosure Regulation (SFDR)

The European Commission have an ambitious agenda to promote sustainable investment across the EU and have developed several regulatory and policy initiatives that cover real estate investing. The Sustainable Finance Disclosure Regulation (SFDR) is one of the most significant of these initiatives.

The aim of SFDR is to provide transparency in how investment managers consider sustainability risks in their investment decision making and principle adverse impacts of the investments under management. It does so by imposing certain disclosure obligations on investment managers:

- At the 'entity level' i.e. the manager level
- At the 'product level' i.e. at fund level

The SFDR disclosure obligations have not yet been adopted in their final form, and the Regulatory Technical Standards (RTS) to the SFDR remain in draft form. We are committed to full transparency and will continue to update this document and our website www.ardstone.com as further guidance becomes available.

There are two mandatory adverse sustainability indicators relating to climate and environmental included in Table 1 of Annex 1 of the draft RTS that are applicable to investments in real estate assets.

Although ARIF has not yet transitioned to Article 8 or 9 under SFDR, we have assessed the two mandatory indicators in the table on page 20.

By the end of 2022, ARIF will have established a clear pathway towards either Article 8 or Article 9 alignment.

Mandatory indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact in 2021/22	Explanation	Actions Taken
Fossil Fuels 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	N/a	We do not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels. These type of assets are specifically excluded in the Investment Restrictions as set out in the ARIF fund Supplement.	N/a
Energy Efficiency Exposure to energy inefficient real estate assets	Share of investments in energy- inefficient real estate assets	As of 31 March 2022, 100% of the properties in our portfolio had a minimum Building Energy Rating (BER) of A3.	<p>To track the energy efficiency of our properties, we only acquire assets with a minimum "A" rating, as certified in their Building Energy Rating certificate ("BER"), the national Energy Performance Certificate (EPC) system in Ireland.</p> <p>We rely on certifications issued by third-party organisations such as the the Irish Green Building Council's Home Performance Index (HPI) certification, or BRE's BREEAM certification.</p>	<p>We implement as appropriate measures to continuously improve the energy efficiency of our assets following acquisition.</p> <p>As part of this, we obtain environmental certifications such as BREEAM or HPI for all assets.</p> <p>We are also seeking independent certification that all assets are aligned with the EU Taxonomy.</p> <p>We also aim to reduce greenhouse gas emissions by putting in place electricity providers who use 100% renewable power sources in order to reduce environmental impact caused by our properties.</p>

Ardstone

