



SUSTAINABILITY

ARDSTONE REGIONAL OFFICE FUND

ESG Vision / Strategy

We recognise that as an investment house, we have a fiduciary duty to our clients to achieve the best returns possible from the assets we manage on their behalf. However, achieving those returns should not be at an undue cost to wider society. We understand our responsibility to manage our assets in a manner that is sensitive to the environment, provides social benefit and manages our and our clients' reputational risk.

In response to this we have developed our fund-specific ESG Strategy for AROF which considered the six overarching principles of the United Nations Principles for Responsible Investment (UNPRI) below as part of our organisational behaviour and direction:

- 1. We will incorporate ESG issues into investment analysis and decision-making processes**
- 2. We will be active owners and incorporate ESG issues into our ownership policies and practices.**
- 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.**
- 4. We will promote acceptance and implementation of the Principles within the investment industry.**
- 5. We will work together to enhance our effectiveness in implementing the Principles.**
- 6. We will each report on our activities and progress towards implementing the principles.**

Stakeholder Engagement

We are committed to ensuring our clients, Investment Committees, employees and third-party suppliers are aware of our policy, procedures and targets. Through our RPI Committee we have in place a process which allows us to communicate effectively to occupiers and interested parties the aims of the RPI strategy and to drive Environmental and Social performance improvements at the asset level.

Our Employees

Employee engagement is fundamental to the success of our business and the operation of our assets. By engaging with our employees on ESG issues we are better able to understand their needs and cater for a more productive environment both at home and in the workplace. To do this, we regularly host seminars for our own employees and key suppliers. This enables a greater understanding of our RPI strategy and how it helps deliver our objectives.

From 2020, in order to incentivise employee engagement on ESG issues, all employees have been obliged to set ESG targets and objectives, which are monitored through periodic performance reviews.



Our Tenants

Effective tenant engagement plays a key role in the environmental performance of our assets. Our tenant engagement strategy allows us to communicate effectively the aims of the RPI strategy and to take feedback from tenants, which in turn helps shape the approach moving forward. As part of this communication, we undertake a Tenant Engagement Survey annually, to collect feedback from our tenants, enabling us to measure satisfaction levels and to identify areas for improvement. Through this we can better understand our tenants' environmental, social and governance needs.

Our Local Community

To support our local communities, we actively monitor our business and asset activities to work with and engage our local communities. To do this we ensure that appropriate communication pathways are established for our communities to support ongoing, open discussions. Community ESG initiatives are monitored as part of our quarterly RPI committee meeting.

ESG Targets / Objectives

Ardstone Regional Office Fund has set portfolio level targets to manage its environmental and social impacts the increasing risks of a changing climate, as well as supporting the development of its external benchmarking disclosures to GRESB.

Greenhouse Gases

- Reduce landlord-controlled carbon emission intensity (by floor area) of the directly managed portfolio by 40% by 2030 from a 2017 baseline

Energy

- Reduce electricity & gas usage of the directly managed like-for-like portfolio by 30% by 2022 from a 2017 baseline.
- Achieve an energy AMR coverage of at least 75% portfolio floor area by 2022 and 100% coverage over the long term.

Water

- Reduce water consumption of the directly managed portfolio by 20% for the like-for-like portfolio by 2022 from a 2017 baseline.

Waste

- Achieve a recycling rate of 75% by weight by 2022 across the directly managed portfolio where there is a landlord waste contract in place • Achieve 100% diversion from landfill through primary disposal route.

Energy

- Identify suitable sites for installation of on- site renewable generation options • Achieve portfolio-wide "green" procured energy by 2024.



ESG Performance Against targets

This process of continuous improvement against our targets is measured and reported externally utilising and contributing to the Global Real Estate Sustainability Benchmark (GRESB).

The Q1 2022 performance update against our targets is as follows:

- Overall, we have seen a decrease in GHG emissions by 52% since Q4 2011 (our baseline).
- Based on the like-for-like portfolio, Electricity in Q1 2022 is 32% lower than Q4 2017.
- Based on the like-for-like portfolio, gas in Q1 2022 is 35% lower than Q4 2017.
- Water data has been collected since Q1 2018, consumption has increased by 8% in Q1 2022 vs Q4 2018, for the like-for-like portfolio. To address this increase, a programme of water logger installation is being completed across the portfolio.
- A recycling rate of 69% has been achieved for Q1-22. Targets should be communicated to waste contractors to make use of any available opportunity to maximise recycling.
- 100% of electricity meters in the portfolio have green procured energy.

As a result of these continuous improvements, in 2021 Ardstone Regional Office Fund achieved 84 from a possible 100 in the GRESB Real Estate Assessment which is a benchmark which provides actionable and transparent Environmental, Social and Governance (ESG) data to financial markets.