



**DTZ INVESTORS' APPROACH
TO CLIMATE RISK MANAGEMENT
(TCFDS) 2021 STATEMENT**

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In 2019, DTZ Investors committed to integrating the recommendations of the Financial Stability Board's Task Force on Climate Related Financial Disclosures (TCFD) into our responsible property investment approach to effectively embed identification and governance of climate related risks and opportunities.

DTZ Investors' Responsible Investment (RI) Committee, with the support of the board and CEO, has led the integration of the TCFD recommendations across the key processes & systems that support DTZ Investors to fulfil its real estate activities.

During the year of 2020, we further developed our capabilities and enhanced the internal risk monitoring processes which enable the business to monitor and respond to climate-related issues across the investment portfolios that we manage on behalf of our clients.

The table below presents an outline of the four business processes that support our response to climate risk.

Boundary: DTZ Investors has offices in the UK, US, France & Japan. The majority of AUM is based in the UK; as such, our formal response to the TCFD recommendations initially covers the UK AUM, with our ambition being to cover activities in France, the US and Japan in the next 1-2 years.

TCFD RECOMMENDATION	DTZ INVESTORS' RESPONSE IN 2021
GOVERNANCE	
Describe the Board's oversight of climate-related risks and opportunities	<p>In the application of DTZ Investors' RI business strategy & investment approach, the board of DTZ Investors holds ultimate accountability for ensuring that the ambitions of our RI Policy are realised across our business, and for ensuring that value is preserved and created for our clients & investors against key risks and opportunities respectively.</p> <p>The Board's oversight of climate issues is supported by the RI Committee and the Risk & Governance Committee, both of which sit monthly & quarterly respectively to supervise the application of our RI and risk governance frameworks across the business.</p>
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>At a fund and portfolio level, DTZ Investors' fund directors and managers are responsible for the oversight and implementation of their bespoke investment strategies, which includes effectively managing climate-related risks across the portfolio's assets, as well as the related financial impacts on investor returns. This ensures portfolio and asset-level climate-related risks are identified and evaluated so that appropriate management controls and measures are implemented. This manages relevant risks to acceptable levels to preserve or enhance the value of our clients' investments.</p>

	<p>Material climate risks and opportunities are reported to DTZ Investors' Board and committees, through our enterprise-wide risk management framework. This ensures that there is formalised oversight and management of ESG risks and opportunities across the investment cycle, as well as across the assets we invest in.</p> <p>DTZ Investors applies an integrated approach to risk management, including climate-related risks and the associated financial impacts. Senior Management are highly involved in this process to ensure that the investment beliefs of our RI policy are realised in our day-to-day fund activities, and that clear accountabilities are established to identify, assess and manage the impact of these risks, and to respond to the opportunities in relation to our clients' mandates.</p>
STRATEGY	
<p>Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<p>DTZ Investors considers both climate-related physical and transition risks, as well as associated opportunities that exist across the property lifecycle of assets in our investment fund portfolios. We consider climate issues across near-term and long-term investment time horizons, as we realise that many climate issues may manifest across long-term horizons.</p> <p><i>Near-term (present to 2 years):</i></p> <p>We anticipate transition risks related to the evolving policy landscape in the UK will emerge, to strengthen the requirements to improve the efficiency and impact of property assets on the environment.</p> <p><i>Medium-term (up to 5 years):</i></p> <p>Together with the continuation of the short-term issues which will evolve over time, we anticipate a combination of climate risks and opportunities will be realised over the medium term.</p> <p>Material medium term risks include:</p> <ul style="list-style-type: none"> • Shifting occupier and investor preferences in response to evolving market developments • Depressed demand for property assets that do not promote green credentials <p>Over the medium term, we anticipate opportunities related to:</p> <ul style="list-style-type: none"> • enhancing the resilience of asset portfolios, through adoption of low carbon technology and energy efficiency measures

	<ul style="list-style-type: none"> Development of ‘green’ property assets that lead the market response to satisfy occupier expectations of a sustainable space <p>Long-term (greater than 5 years):</p> <p>Material long term risks include:</p> <ul style="list-style-type: none"> Depressed demand for assets that do not meet Net Zero carbon credentials Yields at risk if assets do not meet legislated performance thresholds i.e. Energy Performance Certificates (EPC) <p>Realisation of physical risks (i.e. heat stress & flood risks) that pose a material risk to the value, continuity and operation of our assets that are not resilient against these climate changes, or those that have not transitioned to low carbon operation</p>
<p>Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p>	<p>DTZ Investors has conducted an analysis of climate-related risks & opportunities that are relevant to our business and clients’ portfolios. This analysis has informed our financial planning and fund investment strategies for responsible investment. Fund managers must ensure that financial planning is carried out for all assets within their portfolios, based on the assets’ level of exposure to transitional and physical risks.</p> <p>Exposure to transitional and physical risks are assessed across the property life cycle. Assets are screened for RI and climate related risks & opportunities at acquisition, as well as on an on-going basis during operation, all the way through to disposal.</p> <p>At present, investment portfolios managed by DTZ Investors have remained largely resilient to emerging climate-related risks in the short-term, with the high potential for medium and long-term risks to impact value, in the absence of a robust strategic response & financial planning.</p>
<p>Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>DTZ Investors continues to develop our internal capabilities to integrate scenario analysis in support of the Board’s on-going evaluation of the fund-level strategies, designed to preserve investor value against the relevant physical and transition risks our funds are exposed to.</p> <p>During 2021, DTZ Investors has set an objective to undertake a financial assessment of the risk to value from transitional risks, specifically from the recent (April 2021) government consultation on the Minimum Energy Efficiency Standards (MEES) regulations.</p>

	<p>Recognising that our assets are primarily located in the UK, and therefore that the risk to value from physical risks is low - except where assets reside in flood prone areas - we anticipate fully developing our capabilities to undertake physical climate scenario analysis of our portfolio within the next two calendar years.</p>
RISK MANAGEMENT	
<p>Describe the organization’s processes for identifying and assessing climate- related risks.</p>	<p>DTZ Investors adopts an enterprise-wide risk management framework. This framework requires the screening of all potential investments against a suite of prioritised RI risk categories. This includes climate-related risks associated with our portfolio assets across the investments cycle. This framework provides DTZ Investors with a consistent approach to identify, assess and manage all relevant RI risks, whilst supporting our fund managers to:</p> <ol style="list-style-type: none"> 1. manage these risks in a robust manner, through implementation of specific asset-level measures that are designed to manage these risks, where they manifest across the portfolio. 2. establish appropriate measures to monitor the effectiveness of the measures to mitigate the impact of these on the value that our investment funds create for our clients. <p>Our screening of climate-related risks & opportunities commences with our due diligence of target assets for acquisition and continues through to the day-to-day management of relevant risks during the operational phase of our assets. This holistic approach ensures we continually monitor risks and implement measures that support resilience to the long-term impacts of climate change.</p>
<p>Describe the organization’s processes for managing climate-related risks.</p>	
<p>Describe how processes for identifying, assessing, and managing climate- related risks are integrated into the organization’s overall risk management.</p>	
RISK MANAGEMENT	
<p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>We monitor the performance of assets under management using the following metrics which are tracked and monitored quarterly or annually dependent on rate of change.</p> <p><u>Risk, Adaptation & Mitigation:</u></p> <ul style="list-style-type: none"> • No. of assets with BREEAM, LEED or Wellbeing certification • No. of assets with low carbon technology or renewables

- No. of assets utilising fossil fuels for heating and hot water
- Energy Performance Certificate (EPC) status and cost to improve to future regulatory standards (In-progress)
- Expenditure required to achieve Net-Zero Carbon by asset (In-progress)

Energy & Fuel Use:

- Energy: Electricity & Gas (kWh)
- Energy Intensity (kWh/Sqft)
- Energy Procurement (% of energy procured from renewable sources)
- Renewable Energy (% of energy generated on site from renewable sources)
- Green House Gas (GHG) Emissions (Tonnes CO2e)
- Green House Gas (GHG) Emission Intensity (Tonnes CO2e / Sqft)

Geography:

- Current Flood Risk (Low – High). Assessment of flood risk over 10 – 20 years in-progress
- No. of assets to be subject to high heat stress in the long term (to be reviewed in 2022)

In 2022 DTZ Investors will disclose performance against each metric above. From 2021, to support tracking against these metrics and our performance, the following set of short, medium and long-term targets have been set:

- Achieve Net Zero Carbon status for portfolio and assets within (where possible) by 2040
- Complete long-term scenario modelling for portfolios under management by end of 2022.
- Achieve Net Zero Carbon status for portfolio and assets within (where possible) by 2040
- Reduce landlord-controlled carbon emission intensity (by floor area) by 50% by 2030 from a 2019 baseline.
- Decarbonise 75% of assets (removing use of gas and other fossil fuels) for heating and hot water by 2030, and 100% by 2040.
- Responsible Investment (RI) Improvement Plans held on every asset (Asset Manager Held)
- Sustainability Implementation Plan held on every multi-let asset (Third Party Property Manager Held) by end of 2021
- Target BREEAM for all new construction and major refurbishments.
- Zero breaches in environmental legislation

	<p>Collect and track tenant related carbon, energy, water and waste impacts. 75% collection rate by 2025, and 90% by 2035. (remaining 10% based on low energy consuming tenancies and estimation)</p>
<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>In 2020 our absolute Scope 1 and Scope 2 GHG emissions for the UK assets under management were:</p> <p><u>Scope 1</u>: 1,637 Tonnes CO2e</p> <p><u>Scope 2</u>: 4,369 Tonnes CO2e</p> <p>GHG emissions figures have been prepared in accordance with the WBCSD / WRI GHG Protocol Corporate Accounting and Reporting Standard.</p> <p>As DTZ Investors parent company, corporate scope 1-3 emissions are accounted for by Cushman & Wakefield.</p> <p><u>Scope 3</u></p> <p>As part of DTZ Investors' response to Net-Zero Carbon, scope 3 emissions attributed to the assets we manage from supply chain services, water, waste, and construction activities will be reported from 2022.</p>