

DTZ Investors Responsible Investment (RI) Policy



Introduction

DTZ Investors is a full service vertically integrated real estate manager. We have been operating in the UK since 1968 and in continental Europe since 1999.

We recognise that we have a fiduciary duty to our clients to achieve the best returns possible from the assets we manage on their behalf within acceptable risk parameters. Achieving those returns should not be at an undue cost to the wider society. DTZ Investors believes it has a responsibility to manage those assets in a manner that is sensitive to the environment, provides a social benefit and is set within an overarching framework of strong corporate governance.

This document is DTZ Investors' Responsible Investment (RI) policy. It communicates the common rules and regulations that DTZ Investors abides by in its approach to the integration of Environmental, Social & Governance (ESG) in its investment strategy.

The RI policy is applicable to all of our discretionary managed property portfolios, and to our advisory mandates, in so far as concerns the scope of our contractual services and ability to influence the management of portfolios.

The implementation of our RI policy aims to be specific and measurable so that we may evaluate and report upon the success of this policy and its implementation in future years. Our strategy is not static but is constantly evolving, responding to innovation within the market and the needs of our stakeholders.



"DTZ Investors is a long-term manager of property. We believe that responsible investment strategies successfully harness real estate's potential whilst contributing to their environment. We focus on understanding the impact that environmental, social and corporate governance ("ESG") decisions have on investment performance and environmental risk. Integrating ESG considerations into our investment process is critical to our approach to Responsible Property Investment."

Chris Cooper, CEO, DTZ Investors

DTZ Investors Approach

We believe that RI and the integration ESG considerations into our investment process, from acquisition through to disposal, is critical to meeting changing occupier demands and maximising returns for our clients.

Our strategy focuses on understanding the impact of environmental, social and governance issues on future value and sustainability outcomes. Identifying the opportunities this brings and minimising risk to our portfolios.

This approach will help to enhance tenant retention, lower operating costs and minimise the risk to portfolio investment returns presented by climate change, future legislative changes, and obsolescence.

We aim to lead in the establishment of best practices in the real estate industry. Our strategy follows a proportional cost-benefit led approach. This does not mean that all initiatives must be self-financing or indeed that there must be a proven economic reward, but means that we will consider the relationship between the financial cost of any investment or activity and our evaluation of ESG rewards. Importantly, we will also consider our portfolios in the context of market best practice and 'peer group' properties to guard against depreciation risk and obsolescence.

Furthermore, we are committed to fostering a culture that encourages and enables our employees to deliver against the objectives of our responsible investment policy and delivers clear sustainability outcomes.

OUR RI STRATEGY IS BUILT FOUR FEATURES WHICH UNDERPIN OUR RESPONSIBLE INVEST-



Leadership & Governance

Integrate responsible investment principles throughout all business activities and processes and assign lines of responsibility and accountability.



Benchmarking & Disclosure

Share our ESG performance against industry benchmarks publicly, and identify opportunities for continual improvement.



Investment Process & Implementation

Manage, maintain, upgrade and dispose of our clients' assets in an environmentally and socially conscious way, that protects & enhances value, the environment and community.



Stakeholder Engagement

Educate and engage with clients, occupiers, our people and local communities to enable effective decision making and action that leads to positive environmental and societal impact across our corporate & real-state activities.

Leadership & Governance

DTZ Investors has a clear governance structure for the embedding of RI and implementation of ESG within its portfolios:

Board Level: The Board has accountability and ultimate responsibility for embedding and driving responsible investment, led by the Head of Responsible Investment.

RIC Committee: DTZ Investors has formed an Responsible Investment Committee (RIC) that has oversight and governance responsibility for objective setting, development of procedures and overseeing the implementation of the RI strategy and policy. This committee holds monthly, quarterly & annual meetings to ensure progress is maintained and that our strategy remains relevant and impact driven.

Fund and Portfolio Managers: Fund and Portfolio managers are responsible for: implementation of our policy and strategy at a portfolio level; reviewing the portfolios strategic objectives and performance on a quarterly and annual basis; and reporting into the RIC Committee and the portfolio's respective Investment Committee. In addition, they are involved in quarterly dedicated ESG meetings ensuring regular updates of progress and holding individuals accountable for actions undertaken in the quarter. Responsibilities are executed through the management and oversight of asset managers, who are responsible for environmental and social performance at individual properties.

Third Party Property Managers: Accountability and responsibility extends further to our property managers and surveyors who are involved in the quarterly ESG meetings. Their responsibilities are executed through proactive property management at the surveyor and facilities management level, governed by our Property Management Agreement (PMA) and Service Level Agreements (SLA).

The RI policy is reviewed and updated annually.

Supporting Policies

Included under this overarching policy is a suite of policies which cover in more detail, key environmental, social and governance issues across our organisational activities. The following policies are available on request and are updated annually:

List of supporting policies:

- Stewardship Policy
- Anti-Bribery & Corruption
- Conflicts of Interest
- Code of Business Conduct
- Health & Safety
- Terms of Business
- Supplier Integrity
- Diversity & Inclusion
- Third Party Privacy and Confidentiality
- Whistleblower Policy

In October 2018, the Intergovernmental Panel on Climate Change (IPCC) released a report that empirically showed the impact on the environment and society if global temperatures rise 1.5°C above pre-industrial era levels. A half a degree change significantly affects the frequency and risks of drought, floods and extreme weather patterns globally. Human-produced greenhouse gases such as carbon dioxide, methane and nitrous oxide have caused much of the observed increase in the Earth's temperatures over the past 50 years.

DTZ Investors recognises its role and the influence it has on the assets we manage on the behalf of our clients to reduce the built environment's impact, and embrace a transition to a zero-carbon economy. We are committed to ensuring that our responsible investment approach

For more information: <https://www.ipcc.ch/sr15/>

UN Sustainable Development Goals (SDGs)

In developing our approach to RI, we have considered the UN global agenda for 2030 in the form of the Sustainable Development Goals (SDGs), adopted by the United Nations in 2015. The 2030 Agenda is an overarching global plan of action for people, planet and prosperity, with 17 SDGs and 169 associated targets at its core. While many of the goals address the actions and intentions of governments, business has a significant role to play in driving action to achieve these goals. DTZ Investors has prioritised five SDGs that have the most material relevance to our business informing our strategy going forward and where we can continue to make the greatest relative contribution. We will measure our sustainability outcomes against the SDG's to ensure we are on track in contributing to the objectives of the SDGs.

	<p>Ensure healthy lives and promote wellbeing for all at all ages</p>	<p>Engage employees, occupiers and local communities in the workplace, and in and around our assets on health & wellbeing and workplace safety.</p>
	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Value our employees and support occupiers through management of real-estate to provide suitable workplaces, and manage our supply chain to ensure responsible and ethical working practices across all our business operations.</p>
	<p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<p>Develop, renovate and operationalise assets sustainably.</p>
	<p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>Revitalise our assets through placemaking and adding sustainable value</p>
	<p>Take urgent action to combat climate change and its impact</p>	<p>Continue to commit to environmental stewardship and reducing environmental impact of the assets we manage on the behalf of our clients.</p>

Net Zero Carbon by 2040

The World Green Building Council (WGBC) states that all buildings must be 'net zero carbon' by 2050 if the Paris Agreement is to be fulfilled. The built environment represents roughly 40% of global carbon emissions, so it is therefore a significant contributor to the current climate problem we face. At DTZ Investors we believe that the real estate sector can be part of the solution. We also recognise our responsibility to our stakeholders, wider society and the environment to address the challenges and opportunities presented by climate change. In-line with our responsible investment ambition, we are committed to align DTZ Investors investment activities with the ambition of the Paris Climate Agreement, in an effort to meaningfully contribute to keeping global warming below 2°C and pursue efforts to limit warming to 1.5°C. Following the UK government legislating its commitment to achieving 'Net Zero' by 2050, DTZ Investors has committed to reaching Net Zero Carbon by 2040 with the objective of reducing our operational carbon emissions to zero and reducing embodied carbon during developments and refurbishments.

Benchmarking & Disclosure

Reporting and benchmarking is an essential part of DTZ Investors' RI strategy where disclosure of ESG performance to internal and external stakeholders ensures transparency and sharing of best practice. In addition, disclosure allows comparison and benchmarking of performance internally and externally to be undertaken which supports measurement of progress and performance over time. As such, our participation in external benchmarking frameworks such as GRESB and PRI, has helped inform our strategy and our approach to RI.

ESG Reporting

DTZ Investors has established a reporting programme to support the effective management of economic, social and environmental performance data across our portfolios. This reporting programme provides understanding of performance throughout the year. An effective reporting programme helps us to achieve our ESG objectives by determining good and bad performance. This includes potential areas of waste, which in turn improves the resilience of buildings and reduces operational costs.

DTZ Investors uses benchmarking tools such as the Real Estate Environmental Benchmarks (REEB) to measure performance against industry standards. Understanding our performance against industry standards supports to develop our portfolio objectives and targets.

ESG performance is reported quarterly.



Global Real Estate
Sustainability Benchmark
(GRESB)

GRESB provides a benchmark assessment that is used by Institutional Investors to understand and compare the effective responsible management of real estate assets across investment portfolios. GRESB assesses '7 Aspects' of ESG, scoring each Fund's response in the submission process and providing a score on the Fund's overall approach to ESG.

DTZ Investors has been a member and participant to the Global Real Estate Sustainability Benchmark (GRESB) since 2015. The GRESB reporting framework has helped to develop DTZ Investors' approach to RI through peer benchmarking and analysis of performance annually.

The applicability of a funds participation in GRESB is reviewed on an annual basis, in line with each funds overall strategy.



Principles for Responsible Investment (PRI)

DTZ Investors became a signatory to the United Nations Principles for Responsible Investment (PRI) in 2013. PRI is a voluntary framework for incorporating ESG into investment decision making and ownership practices through the implementation of the six principles for responsible investment:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will each report on our activities and progress towards implementing the Principles.



Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD recommendations support companies to articulate how their business model preserves value against relevant climate related risks. This requires companies, like DTZ Investors, to effectively identify, monitor & respond to these risks across the property lifecycle over time, whilst taking advantage of any identified climate related opportunities.

DTZ Investors is 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 and as such publicly supports it.

DTZ Investors has put in place the governance and process to support the identification and monitoring of our exposure to climate related risks and opportunities across our business and our client's assets in order to preserve value.

DTZ Investors reports annually on its progress in implementing the recommendations of the TCFD.

Stakeholder Engagement

We have in place a stakeholder engagement programme that ensures our clients, investment committees, employees and third-party suppliers are supportive of our policy, procedures and targets. For our assets, we have in place a programme which allows us to communicate effectively with occupiers and interested parties the aims of the RI strategy to support and drive environmental and social performance at the asset level.

Employees

At DTZ Investors we recognise the importance of employee engagement and satisfaction. Engaged employees are happier, both at work and in their home lives, which results in a more productive environment. Our regular employee survey assessments help us to understand which issues are important to the business and our employees, and therefore where and how to focus our engagement initiatives.

Employee training on ESG issues is incorporated as part of our quarterly portfolio meetings on ESG, where in this meeting, updates on environmental, social and legislative changes are provided along with an update on industry trends. Importantly in these meetings, training on internal ESG process and procedures is also provided covering the asset life cycle from acquisition through to disposal.

In order to incentivise employee engagement on ESG issues, all employees are obliged to set ESG targets and objectives, aligned to DTZ Investors ESG strategy and the assets they manage, forming part of our annual Employee Objectives Setting Programme. Employees are then encouraged to meet with their line manager to update on progress regularly throughout the year.

Community

Creating value for our communities in and around the assets we manage is something we strongly believe in, and which we constantly strive to find new ways of doing. As such, we will continue to work with communities where we operate, through engagement activities and initiatives that are aligned to local needs, or are within the context of wider societal issues.

Occupiers

Our occupiers play a fundamental role in the environmental performance of our assets. We therefore acknowledge the importance of effective engagement on ESG issues. To do this we develop long-term business relationships with the occupiers of our assets. In addition, we annually undertake an Occupier Satisfaction Survey to collect feedback from our occupiers, which enables us to measure satisfaction levels and to identify areas for improvement. Through this, we can better understand their environmental, social and governance needs, which enables us to enhance the service we offer them.

We are also committed to continuing the provision of guidance to our tenants on ESG in the form of occupier engagement meetings and the distribution of our occupier fit-out guidelines, whilst continuing to work on improving data sharing. Through this engagement, we are also able to better collaborate on ESG initiatives, which enables us to operate more effectively and have a greater impact within our local communities.

Third Party and Supply Chain

DTZ Investors recognises the role that our third-party suppliers and contractors have on the impact of the assets we manage. We have therefore put in place governance processes ensuring that environmental and social performance is reviewed as part of tenders and appointment of contractors. Key expectations include:

- social value commitments (including employability, diversity & inclusion)
- anti-slavery provisions
- real living wage commitments for employees
- environmental policies and commitments
- evidence of responsible and ethical procurement of supplies and materials

Our third party and supply chain expectations apply to sub-contractors and suppliers appointed through our third-party property management functions. Once appointed, contractors are expected to continue delivering against DTZ Investors' ESG principles, with the contract governed by specific ESG deliverables or key performance indicators (KPIs).

Implementation

Every portfolio has a clear set of objectives against which each investment must be considered. These objectives steer the investment strategy and are reviewed on a quarterly basis. The investment strategy includes ESG factors, ensuring that every investment is assessed for ESG risks and opportunities throughout the investment life-cycle:

- Acquisition & disposal
- Operations & maintenance
- Fit-out, refurbishment & development

DTZ Investors believes that the inclusion of ESG factors as part of a property's strategy will make an increasing difference to the long-term obsolescence and investment performance of the portfolio, including the minimising of negative environmental aspects and increasing social impact. The inclusion of ESG factors as part of the investment strategy of a portfolio and asset ensures DTZ Investors meets its fiduciary duty.

Acquisition & disposal

- Sustainability and climate risk assessments are carried out at pre-acquisition to identify potential ESG risks for future lettings and operations. Issues with direct financial relevance are integrated into the valuation process. At disposal, the ESG risks are re-assessed to ensure confidence in the sale process with any financial implications understood and mitigated for.

Operations & Maintenance

- Our property managers and third-party suppliers must understand and adopt this policy, putting in place the necessary governance procedures to ensure asset performance is monitored, benchmarked, improved and maintained.
- Our assets are covered by an Environmental Management System (EMS) to minimise their impact on the environment.
- Quarterly ESG reporting covering our directly managed assets, reporting on energy, carbon emissions (Scope 1 and 2), energy, water & waste across all our assets which provides the basis for calculating our portfolio's carbon footprint and intensity as an organisation.
- All our material assets covered by a working sustainability implementation plan to identify risk and opportunities to improve the ESG performance.

Fit-out, Refurbishment & Development

- DTZ Investors has specific environmental and social guidelines for fit out, refurbishment and developments to ensure our occupiers and contractors consider sustainability at the earliest possible stage.

Throughout the investment cycle of the assets we manage and in our own operations, DTZ Investors aims to drive environmental and social impact in the following areas:



Climate Change Risk (i.e. Flood Risk Management)



Waste Production & Disposal



Renewable Energy



Occupier Satisfaction



Carbon Emissions



Stakeholder Health & Wellbeing



Biodiversity & Habitat



Health & Safety Procedure



Energy Usage & Intensity



Air Quality Management



Transport & EV Charging



Fair Labour Practices



Water Efficiency



Sustainable Procurement



Stakeholder Engagement



Inclusion & Diversity

Compliance

We will continue to comply with all relevant UK statutory requirements, EU directives and with local planning authorities, aiming to go beyond the minimum requirements where feasible.

In addition, we will continue to collaborate with policy makers and government either directly or indirectly through our ESG advisors and contribute to consultations that seek to develop legislation that will enable us to meet our commitments to the Paris Agreement and achieve Net Zero by 2050.

Mandatory Requirements

- The Minimum Energy Efficiency Standards (MEES) and Section 63.
- The Energy Savings Opportunity Scheme (ESOS).
- Sustainable Finance Disclosure Regulation.
- The Heat Network Metering and Billing Regulations 2014.
- Local Planning Authority Requirements and Section 106.

Key procedures that support us to remain compliant

- Quarterly legislative updates on key environmental legislation impacting real-estate owners and occupiers.
- Quarterly environmental reporting covering supplies and use of energy across all our assets which provide the basis for calculating our portfolio's carbon footprint.
- Strategic risk management of Energy Performance Certificates (EPCs) ratings against the MEES for England and Wales and Section 63 for Scottish based assets.
- Preparation of asset sustainability implementation plans and EPC+ reports to identify opportunities for energy efficiency in existing assets.
- Publication of refurbishment and development guidelines including occupier fit-out.

Target Setting

ESG targets and objectives have been established to encourage property improvement, asset performance and stakeholder engagement. We will review progress against targets on a quarterly & annual basis with the aim of achieving continual improvement in the environmental performance of our buildings and our approach to ESG.

Target
Environmental Targets <ul style="list-style-type: none"> • Achieve Net Zero Carbon status for portfolio and assets (where possible) by 2040. • Complete long-term scenario modelling for portfolios under management by end of 2022. • Reduce landlord-controlled carbon emission intensity (by floor area) by 50% by 2030 from a 2019 baseline. • Reduce landlord area and whole building energy intensity inline with industry standards and trajectories (by property type). • Decarbonise 50% of assets (removing use of gas and other fossil fuels) for heating and hot water by 2030, 75% by 2035 and 100% by 2040. • Equivalent of 20% of landlord energy consumption to be generated by on-site renewables by 2030. • Asset (AIP) Improvement Plans held on every multi-let asset. • Target BREEAM certification for all new construction and major redevelopments. • Track and reduce embodied carbon emissions of all new construction and major redevelopments. • 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). • Achieve a recycling rate of 75% by weight by 2025 and maintain a 100% diversion from landfill through primary disposal route across the directly managed portfolio where there is a landlord waste contract in place. • Reduction in water usage by 10% from a 2019 baseline by 2025. • Zero breaches in compliance with the Minimum Energy Efficiency Standards (MEES). • Zero breaches in environmental legislation. • 100% of new and re-lets include DTZ Investors enhanced green lease clauses. • Biodiversity and ecology plans held for the assets where feasible to enhance external space.
Social <ul style="list-style-type: none"> • Embed social value commitments and targets across all portfolios and landlord procurement activities by 2023 through DTZ Investors and third party appointed Property Managers • Embed DTZ Investors' RI Development & Refurbishment Framework in all projects with external project managers • Engage all occupiers on environmental impact through data sharing and distribution of occupier guidance & tenant fit-out guidelines • All assets where public realm and place making is a strategic objective in the asset plan ensure there is a dedicated tenant and community engagement plan

Annual Environmental Data

We continue to monitor our environmental performance on a quarterly and annual basis. The following provides an update on our carbon emissions and energy performance up to the end of December 2020.

Environmental Performance Metric	Type	2016	2017	2018	2019	2020
Electricity (kWh)	Absolute	19,409,572	22,588,480	22,193,914	19,200,200	18,739,980
Electricity (kWh)	Standing Portfolio (like-for-like)	7,911,256	7,756,717	7,580,043	7,115,406	6,451,208
Gas (kWh)	Absolute	10,087,755	10,215,853	12,545,924	10,450,171	8,900,513
Gas (kWh)	Standing Portfolio (like-for-like)	5,702,528	4,779,433	5,115,514	5,117,434	4,361,475
GHG Emissions (Tonnes CO ₂ e)	Absolute	9,854	9,823	8,590	6,829	6,006
GHG Emissions (Tonnes CO ₂ e)	Standing Portfolio (like-for-like)	4,309	3,607	3,087	2,760	2,306
GHG Emission Intensity (tonnes CO ₂ e / m ² / year)	Absolute*	62	54	41	37	19
Water Consumption (m ³)	Absolute	N/A	85,619	140,831	210,753	329,592
Water Consumption (m ³)	Standing Portfolio (like-for-like)	N/A	N/A	N/A	208,864	302,257
Waste Production (Tonnes)	Absolute	N/A	2,914	3,017	2993.9	1372.03
Waste Production (Tonnes)	Standing Portfolio (like-for-like)	N/A	N/A	N/A	2,994	1,372

Data notes:

- Aligned with our financial reporting, GHG emissions relate to the financial year ended 31 December 2020.
- We have used the operational control method to outline our carbon footprint boundary. Occupiers' energy usage and emissions are not included as this is not deemed to be within our operational control boundary.
- We have measured emissions based on the GHG Protocol Corporate Accounting Standard and emission factors provided by the UK's Department for Business, Energy & Industrial Strategy (BEIS).
- GHG Emission Intensity includes reporting only on internal areas where floor area served by the energy supplies is known or can be reasonably estimated and is based on assets with a full year reporting only.
- Water consumption has increased significantly in 2019 & 2020 due to improvement in billing and data management processes and therefore is not a reflection of performance.

Benefits of RI

The implementation of DTZ Investors' RI strategy and the overall approach to ESG has a number of benefits for our clients, tenants and stakeholders. These can be summarised as follows:

- Effective management of risk
- Driving greater portfolio performance through efficiency
- Active management across our portfolio leading to reduced environmental impact
- Reduced utility consumption across our assets and portfolio leading to reduced costs of occupation
- Future proofing of buildings and assets
- Enhanced levels of stakeholder engagement with occupiers, staff, communities and relevant industry bodies



For more information on DTZ Investors' approach to ESG please contact a member of our team:



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