

BEYOND OUR FOUR WALLS

RESPONSIBLE INVESTMENT
REPORT 2020

HIGHLIGHTS



Climate resilience integrated within our business planning and risk and governance processes, in line with TCFD recommendations.



Core guidance documents re-issued in alignment with **Net Zero and TCFD recommendations.**



Commitment made to transition assets under management to **Net Zero by 2040.**

70%

Reduced like-for-like GHG emissions intensity from 2016.

21%

Reduced like-for-like energy consumption from 2016.

99%

Of waste diversion from landfill across the retail portfolio maintained.



100% of landlord-controlled electricity procured from REGO backed renewable energy supplies.



ESG Implementation Plans set up for all multi-let assets.

OUR CORPORATE RI ACHIEVEMENTS



Head of Responsible Investment (RI) appointed.



Achieved BREEAM Excellent accreditation for the refurbishment of our London offices



Wellbeing Committee established to support team health and wellbeing.



REACH programme launched; our commitment to invest time, money and expertise to generate social value.



Mental Health Awareness programmes and support platforms developed.

'A' 'A' rating for Strategy & Governance and Property



Public Supporter of TCFD



6 funds participated in GRESB



Member of IIGCC



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ABOUT OUR RI REPORT:

This report relates to the period of 1 January 2020 to 31 December 2020 and its scope relates to our UK business activities. The structure of our report is designed to provide an overview of our approach to responsible investment, our activities, performance and targets. Our environmental performance data is communicated against the INREV reporting framework. This is our first year of disclosing our performance, and demonstrates our commitment to our clients to be open and transparent.

DTZ Investors operates within the umbrella of Cushman & Wakefield and therefore elements of organisational performance and employment policy will be reported under Cushman & Wakefield's CSR report.

www.cushmanwakefield.com/en/united-kingdom/about-us/corporate-social-responsibility

Published July 2021

01 CEO INTRODUCTION

We expanded our Responsible Investment focus this year to ensure we have an impact beyond the four walls of our real estate.

We think for the long-term at DTZ Investors. When we integrated investment strategy into our business structure in 1992, one of our initial conclusions was that 'out of town was out of touch'. We began a major drive to allocate capital to urban districts, focusing on areas that could sustain the broadest range of business demand through the additional provision nearby of high-quality retail, leisure and living space. We have added a focus on environmental as well as economic sustainability over the last decade, embedding environmental and social considerations into our investment process and our asset management philosophy. This is our Responsible Investment (RI) programme. It combines environmental and wider societal benefits with financial returns that are assessed over the very long-term.

This year, in a continuation of our commitment to embedding RI into our business and investment processes, and to demonstrate the importance of RI in our corporate vision, we appointed Jennifer Linacre as our Head of Responsible Investment. This is a board level appointment to help set the corporate tone and to drive RI practices throughout our business. Reflecting the importance of acting as an industry, we also became a public supporter of the Task Force for Climate Related Financial Disclosure (TCFD) and a member of the International Investors Group on

Climate Change (IIGCC). Finally, we committed to the challenging target of transitioning the assets under our management to Net Zero Carbon by 2040, reflecting property's vital role in the carbon community.

Property has a vital role to play in decarbonising, and recognising this, we committed to the challenging target of transitioning the assets under our management to Net Zero Carbon by 2040.

We have made strong progress in our first full year of operating the DTZ Investors Co-Living Fund (COLIV). COLIV is our first impact-focused collective investment vehicle and it has multiple aims. First, it provides high-quality, flexible and affordable living accommodation for solo-renters in London. Second, it aims to tackle the issues of loneliness in big cities by fostering an inclusive residential community that encourages personal development. Finally, it aims to have a positive impact on its neighbouring communities by providing local people with employment opportunities, by using local supply chains, and by partnering with local charitable organisations and social enterprises to further their objectives.

Launched our RPI Strategy, integrating RI into business as usual activities.

Became a signatory to the UN Principles for Responsible Investing (PRI).

Creation of standardised green lease clauses.

Published 1st iteration of our refurbishment & development guidelines setting the standard for Asset Managers and our supply chain.

1st Funds participate in GRESB (6 Portfolios).

Integration of ESG issues in acquisition due diligence.

Step change in ability to track and report energy and carbon emission performance.

Explicit ESG requirements set within supply chain vetting procedures.

2013

2014

2015

2016

We expanded our RI activities well beyond our investment philosophy this year, to focus on our corporate actions. We invested in the refurbishment of our London offices during the year. Our focus has been to create an office environment that promotes collaboration, health and wellbeing, and a commitment to sustainable procurement, reducing waste and minimising the use of resources. We were delighted to be awarded a BREEAM Excellent rating for our efforts.

Of course, much of 2020 was spent working remotely. Accordingly, we elevated the role of our Wellbeing Committee to support our team with the mental health and physical wellbeing challenges of working apart. Rightly, we were encouraged to think of others, leading to the launch of our REACH programme, our commitment to invest time, money and expertise in causes that affect our society: Respect; Education; Accessibility; Community; Habitat.

As we reach a point of inflection in our journey as a responsible real estate investment manager, I hope you enjoy reading about our key milestones to date and will support us in achieving the targets we set ourselves on the next phase of our responsible investment programme, **achieving an impact beyond our four walls.**



CHRIS COOPER
Chief Executive

Set meaningful environmental reduction targets aligned with a 2°C global warming scenario.

Awarded A rating in PRI for both direct real-estate and strategy & governance.

Awarded 6 GRESB Green Stars out of 7 participating portfolios.

Revision of our RPI strategy, setting objectives against four pillars of RI.

Commenced integration of the recommendations set by the Task Force for Climate Related Financial Disclosure (TCFD).

7 of 7 participating portfolios awarded GRESB Green Star.

2017

2018

2019



COVID-19 OUR RESPONSE

The Covid-19 pandemic has exacerbated existing inequalities and increased the focus on reducing our impact on our environment. We want to support the health and wellbeing of our teams, and use our skills, resources and influence to tackle inequality, support local businesses, and positively impact the environment and communities around us.

We supported our occupiers during the Covid-19 pandemic, focusing particularly on SMEs and local businesses, helping them to manage contractual rental commitments, using our suppliers to help to produce marketing materials for tenants to promote online sales whilst physical stores were closed, and providing advice on re-occupation when it was safe to do so. We also supported our team, by providing regular communications, establishing multiple support structures, offering financial support, arranging weekly events and challenges and providing regular training.

We recognise the position that we are in and we want to use our skills, resources and influence to help to tackle inequality, support the health and wellbeing of our people, local business and positively impact the environment and the communities around us.

02

DTZ INVESTORS AT A GLANCE

DTZ Investors is an integrated, full-service real estate fund manager with a 50-year track record of creating long-term, sustainable returns for clients from real estate investing.

We manage £7 billion of real estate assets in the UK on a fully discretionary and advisory basis. Our clients are long-term, institutional investors, with the majority coming from the public sector arena.

Our responsible investment strategy focuses on protecting income and generating long-term income growth from our investments. We work in close partnership with our occupiers to ensure that our properties suit their requirements today and adapt as their businesses evolve. The importance we place on maximising income over the long-term influences our corporate governance structure, informs our investment philosophy, shapes our asset management style and determines our reward structure.

Successful implementation of our RI strategy has been a fundamental contributor to our exceptional investment performance track record. We have enjoyed consistent outperformance for clients in the UK, averaging 180 basis points of annual outperformance as a house against the MSCI Benchmark over the last 20 years.

In the UK we have enjoyed 180 bps of annual outperformance against the MSCI Benchmark over the last 20 years. Central to this outperformance is a strong culture of responsibility and commitment.



£7B

AUM



180bps

OF ANNUAL
OUTPERFORMANCE
OVER 20 YEARS



53

YEAR TRACK RECORD



57

STAFF



229

ASSETS



1,941

TENANTS



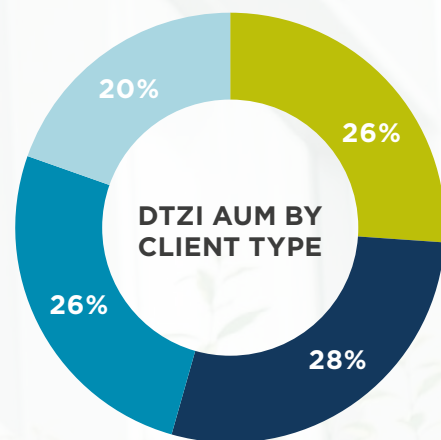
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INVESTMENT AWARDS
SINCE 2001

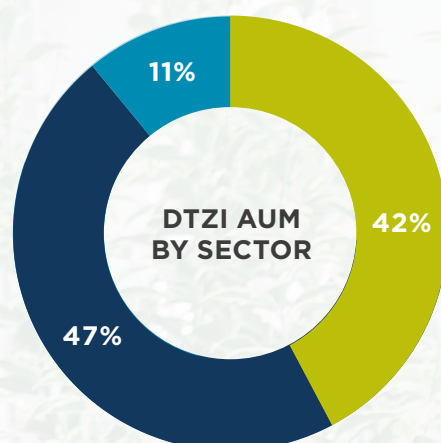


UNPRI

SIGNATORY SINCE 2013



■ Retail ■ Office
■ Industrial ■ Other



■ Local Authority Pension Fund
■ Corporate Pension Fund ■ Institutional

03

RESPONSIBLE INVESTMENT APPROACH

RI is embedded in our philosophy and culture. We generate long term, sustainable value for our clients through our investment decision making and believe that we have 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.

By investing responsibly and managing our assets in a way that generates societal and environmental benefits, we make our buildings more attractive to consumers, employees, business owners and investors, which generates better long term performance and better results for all stakeholders.

WE HAVE BUILT OUR RESPONSIBLE INVESTMENT APPROACH ON FOUR CORE PILLARS

1.

LEADERSHIP & GOVERNANCE

Integrate RI principles throughout our culture, business activities and processes and assign lines of responsibility. Collaborate with government, our peers and our clients to encourage adoption of RI practices across the industry.

2.

INVESTMENT PROCESS AND IMPLEMENTATION

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

4.

BENCHMARKING & DISCLOSURE

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

3.

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-estate activities.



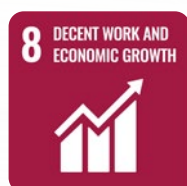
In developing our approach we prioritised five United Nations Sustainable Development Goals that have the most material relevance to our business.

SUSTAINABLE DEVELOPMENT GOALS*



Ensure healthy lives and promote wellbeing for all at all ages.

Engage employees, occupiers and local communities in the workplace, and in and around our assets on health & wellbeing and workplace safety.



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

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.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Develop, renovate and operationalise assets sustainably.



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

Revitalise our assets through placemaking and adding sustainable value.



Take urgent action to combat climate change and its impact.

Continue to commit to environmental stewardship and reducing environmental impact of the assets we manage on the behalf of our clients.

* Source: Transforming our world: The 2030 Agenda for Sustainable Development

04

LEADERSHIP & GOVERNANCE

We target high standards of governance, organisation and risk management.

We support several international organisations to help determine best practice and openness in reporting, and have committed to being transparent on our performance to ensure improvement over time.

We have arranged our business, our teams and our supply chain to ensure Environmental, Social and Governance (ESG) factors are integrated into strategy, decision making and implementation.

The Board has accountability and ultimate responsibility for embedding and driving RI, and this year, to demonstrate our commitment to embedding RI into our business and investment processes, we appointed Jennifer Linacre, as our Head of Responsible Investment.

Jennifer chairs our Responsible Investment Committee (RIC), which sets policy for the group on all matters relating to Environmental, Social and Governance standards in connection with the assets we manage for clients and our own approach as a business and occupier of real estate. The RIC meets monthly to ensure progress is maintained and strategy remains relevant and impact driven.

Our RI policy is set annually and is reviewed quarterly. The policy is rolled out across the business by the RIC. Fund and Portfolio managers report quarterly to ensure progress is maintained and individuals are held accountable for actions undertaken during the quarter. RI objectives are also built into personal objective setting and reviewed annually.



KEY ACHIEVEMENTS IN 2020

Continuing the development of our RI programme and understanding the importance of acting as an industry, we became members of the **Institutional Investors Group** on Climate Change, and became a public supporter of **TCFD**.

We also committed to the challenging target of transitioning the direct holdings under our management to **Net Zero Carbon by 2040**. This is an ambitious timeframe for DTZ Investors as our clients' portfolios are diverse, with a broad range of asset type, geography, age, use, and occupier base.



LINKS

[*RI Policy*](#)

[*Stewardship Policy*](#)

[*TCFD Response*](#)

This year, understanding the positive impact that we could have as a business, we expanded our RI programme to include our corporate activities.

We believe that we should manage ourselves to the same high standards that we set for others.

Engagement is key to our strategy, so we invested significantly in the refurbishment of our offices to create an environment that facilitates collaboration and focuses on health and wellbeing and the responsible use of resources and are proud to say that we were awarded a BREEAM Excellent rating for our efforts.



CASE STUDY:

OFFICE REFURBISHMENT 125 OLD BROAD STREET

- UK Refurbishment and Fit-out: **BREEAM Excellent** rating awarded
- **98% of waste was diverted from landfill**
- **Metering** was installed to track energy usage
- **Flow restrictors** were placed on all taps to reduce water consumption
- **Daylight sensors** installed to reduce electricity usage for lighting
- **100 items re-used** and over **400 items** of surplus furniture and supplies **donated to Business2Schools**
- All products sourced in accordance with a documented **sustainable procurement plan**.



EMPLOYEES

Empowering our team with the right tools is critical to the success of our RI programme, and this year we invested in education, professional training, and updated toolkits and guidance documents to support understanding and implementation of RI and ESG across the business.

Much of this year was spent working remotely and in response, we elevated the role of our Wellbeing Committee to support the team's mental and physical health and mental wellbeing.

A full programme of events, training and support encouraged a strong culture of engagement and respect and inspired our team to want to use our skills and resources to impact positively in the communities around us.

OUR ACHIEVEMENTS IN 2020

HIGHLIGHTS



Establishment of **gifted volunteering days** for all staff.



Mental Health Awareness Training and support platforms developed.



Physical Wellbeing programme established.



Corporate sponsorship matching: **Over £6,000** in charitable fundraising.



Covid-19 Financial hardship funds made available.



Internships, work experience programmes, mentoring, and **outreach programmes** developed.

ACHIEVING AN IMPACT BEYOND OUR FOUR WALLS: REACH

*We strongly believe in using our resources, expertise and influence to create social value and accordingly, this year, we launched our **REACH** programme; a commitment to invest our time, money and expertise in causes that affect our society in the areas of Respect, Education, Accessibility, Community and Habitat.*



RESPECT

Create an inclusive culture which understands the value of diversity of thought and background

Maintaining an inclusive and equal environment that recognises our skills, engages, collaborates and underpins our philosophy. As such we provide a platform of support and resources to enable an environment based on respect and awareness.



EDUCATION

Make a long term commitment to develop talent and enable internal progression

Our employees are critical to our success. At DTZ Investors, our philosophy is to empower our employees through investment in their education and development.



CASE STUDY:

LandAid

ACCESSIBILITY AND COMMUNITY CHARITABLE PARTNERSHIPS

In 2020 DTZ Investors supported Landaid in their mission to deliver life-changing services for young people who are or have been homeless, or who are at risk of becoming homeless in the future.

The DTZ Investors team took part in three Landaid fundraising events which saw staff walk over 2,000 miles, run over 1,750 miles and sleep outside for one very cold night. The team's collective efforts, helped by corporate matched funding, raised **over £6,000**, which helped to provide safe beds, personal supplies and mental health support for the UK's young, vulnerable and homeless.



CASE STUDY:

B2S
BUSINESS2SCHOOLS

ACCESSIBILITY AND HABITAT BUSINESS2SCHOOLS

Aligned with our commitments to reduce waste, support social mobility through education and create a positive societal impact, DTZ Investors donated over **400 pieces of office furniture and supplies** as part of our London office move to schools across London, Sussex and Hampshire through the charity **Business2Schools**. This is a charity which aims to improve the infrastructure at schools to provide a more aspirational learning environment.



ACCESSIBILITY

Support long term change through education

We recognise the impact that we can have by using our skills, influence and business to open up opportunities for those who have no existing links to our industry. As such we are committed to developing links with charities, bodies or schools to provide mentoring, tutoring, internships and work experience placements.



COMMUNITY

Create a positive societal impact

Using our skills and resources to create long term social value in our communities is something we strongly believe in, and which we constantly strive to find new ways of doing. As a business we have committed to gifting volunteering days for all staff for giving back causes and facilitating a programme of giving back initiatives.



HABITAT

Respect our environment

Encouraging responsible use of resources is key to fulfilling our commitments to transitioning to net zero carbon and to reducing resource usage. This commitment starts with us, and this year we invested significantly to improve our London offices to BREEAM Excellent standard.

05

INVESTMENT PROCESS AND IMPLEMENTATION

We generate long term, sustainable value for our clients and have long favoured assets that are flexible in design and sustainable in location. It was a natural progression for us to focus on environmental and social as well as economic sustainability and to build this in to our investment processes and asset management philosophy throughout the property lifecycle.

Each portfolio has a clear set of RI objectives, aligned with our house strategy, against which each investment is considered. These objectives steer investment and asset management decision making and progress is reviewed openly on a quarterly basis through our client reporting structure.

Whilst significant improvements can be made through operational and maintenance measures, for many properties more extensive measures will be required to meet targets. An asset improvement

plan is developed for every property, identifying risks and opportunities and outlines intervention points in the property lifecycle to assess required works and ensure that they can be carried out in a practical and cost effective way.

Our philosophy is clearly communicated to our suppliers and property managers through our policies, procedures, toolkits and guidance documents to ensure understanding and adoption at each level of our supply chain.



ASSET IMPROVEMENT, AWARDED BREEAM VERY GOOD MID-SUSSEX RETAIL PARK, BURGESS HILL

- BREEAM Very Good design and construction
- The scheme benefits from permeable paving, LED lighting in the car park, solar hot water and rainwater harvesting tanks
- 'B' rated EPCs reflecting very good energy efficiency in occupation
- EV charging infrastructure was added recently with PodPoint. There are currently 4 bays with power capacity with an option to extend to 12 bays as electric car usage increases.



RESPONSIBLE ASSET ACQUISITION TESCO DONABATE, DUBLIN

- Acquisition of purpose-built logistics asset with good sustainability credentials
- Solar heating provides 40% of the building's hot water along with wind-power as primary electricity source
- Energy efficient lighting system controlled by PIR sensors
- Increased wellbeing amenities for on site staff.

Responsible Investment is embedded at every level of our investment approach. It is evident in our investment philosophy and guides our investment decisions at each stage of the property lifecycle.



CASE STUDY:

ACHIEVING AN IMPACT BEYOND OUR FOUR WALLS, DTZ INVESTORS CO-LIVING FUND (COLIV)



The DTZ Investors Co-Living Fund (COLIV) is our first impact-focused collective investment vehicle and the world's first institutional co-living fund. Launched in October 2019, the fund will buy or forward-fund between 6-10 co-living assets in London, targeting a fund-size of £1bn.

COLIV is striving to increase the delivery and diversity of affordable homes across London and invests in buildings designed specifically to support the needs of young, solo-renters with no established roots in the Capital. Carbon emissions are significantly lower than traditional housing models, thanks to residents sharing space and appliances more efficiently, and the creation of buildings with ground-breaking energy performance.

THE CO-LIVING FUND HAS FOUR KEY IMPACT OBJECTIVES:



HOUSING

To pioneer a good value housing solution and assist in providing housing to marginalised groups in London.



COMMUNITY

To build strong, diverse and supportive communities in and around our assets by encouraging social engagement, empowerment and economic growth.



HEALTH & WELLBEING

To use innovative building design, community activation and management strategies to promote good health and wellbeing within our communities.



ENVIRONMENT

To develop and operate a portfolio of environmentally conscious and sustainable buildings.



CASE STUDY:

THE COLLECTIVE, HARROW

PARTNERING WITH CRISIS TO HELP PREVENT HOMELESSNESS

The Collective Harrow is the most advanced of the three assets currently being funded by COLIV with completion scheduled for October 2021.

KEY FEATURES

- **222 studios**, 7,000 sq ft incubator employment zone targeted at local start-ups, restaurant, library, cinema, and mindfulness lounge
- A Community Investment Plan (CIP) is being established, with at least 5 local charitable or community-run organisations (currently dialogue ongoing with 15)
- **5 rooms available at deep discount to people at risk of homelessness**, managed by the charity, Crisis
- Energy efficiency measures include: Combined Heat & Power; Mechanical Ventilation with Heat Recovery with efficiencies of at least 85%; Water Heaters with efficiency of over 95%; Solar PV system; Air Source Heat Pumps; LED lighting throughout; Building Energy Management System
- **Design stage certification score of 75.6%** which is equivalent to **BREEAM Excellent**
- Onsite there are **over 30 workers who are employed from the local community** – a key goal as part of social value commitment.



TRANSITIONING TO NET ZERO CARBON BY 2040

Transitioning our directly held assets to be part of a low carbon economy will help manage our portfolios' exposure to climate risks, mitigate risk to value and reduce asset obsolescence in the future, ensuring the long-term resilience of our business.

DTZ Investors is committing to achieving net-zero carbon for its clients' direct holdings by 2040. This is an ambitious time frame for DTZ Investors as our clients' portfolios are diverse, with a broad range of asset type, geography, age, use and occupier.

Over the next 5-10 years government commitment, changes in legislation, evolving market expectation and advancement in technology for energy efficiency will affect pathway actions to net-zero carbon. On this basis we recognise that our strategy must remain agile and adapt to changes where and when it is relevant for our clients' portfolios & assets.

We have adopted the working definition of net-zero carbon published by the UK Green Building Council for assets under construction and operation and have aligned the scope of our net-zero carbon commitment with the Better Buildings Partnership (BBP)'s climate commitment.

Our full net-zero carbon pathway report will be published later this year.

DTZ INVESTORS IS TARGETING THE FOLLOWING PROPERTY LEVEL DEFINITION OF A NET-ZERO CARBON ASSET WHERE FEASIBLE



Meet regional and market defined energy usage intensity targets (EUI).



Use 100% renewable energy either from on-or-off site renewable supplies across both landlord and occupier space.



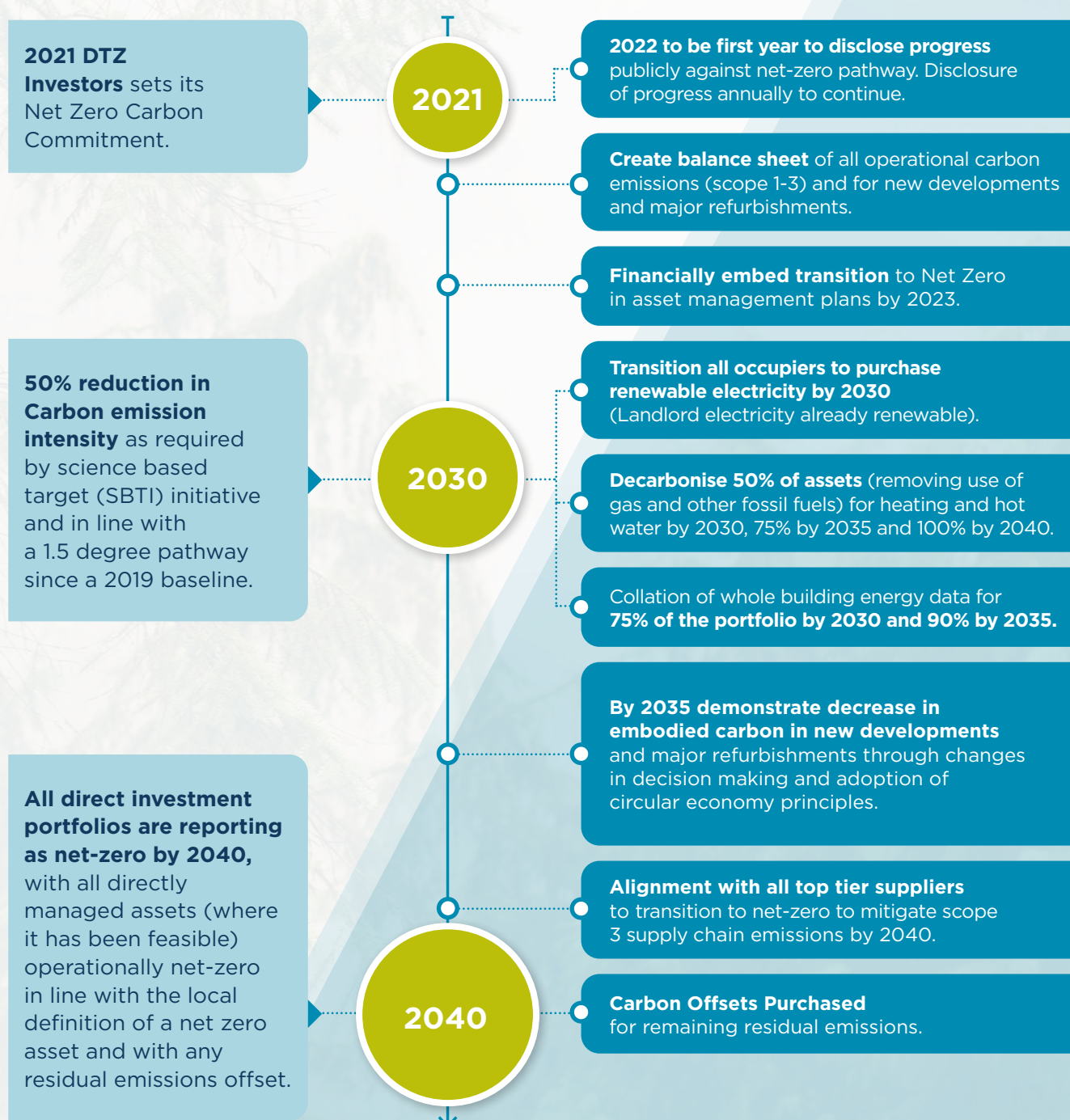
No on-site fossil fuel use for heating and hot water.



Any residual emissions offset including from landlord supply chain impacts.

KEY NET ZERO PATHWAY OBJECTIVES AND TARGETS

The below timeline demonstrates DTZ Investors' key pathway actions and targets to 2040



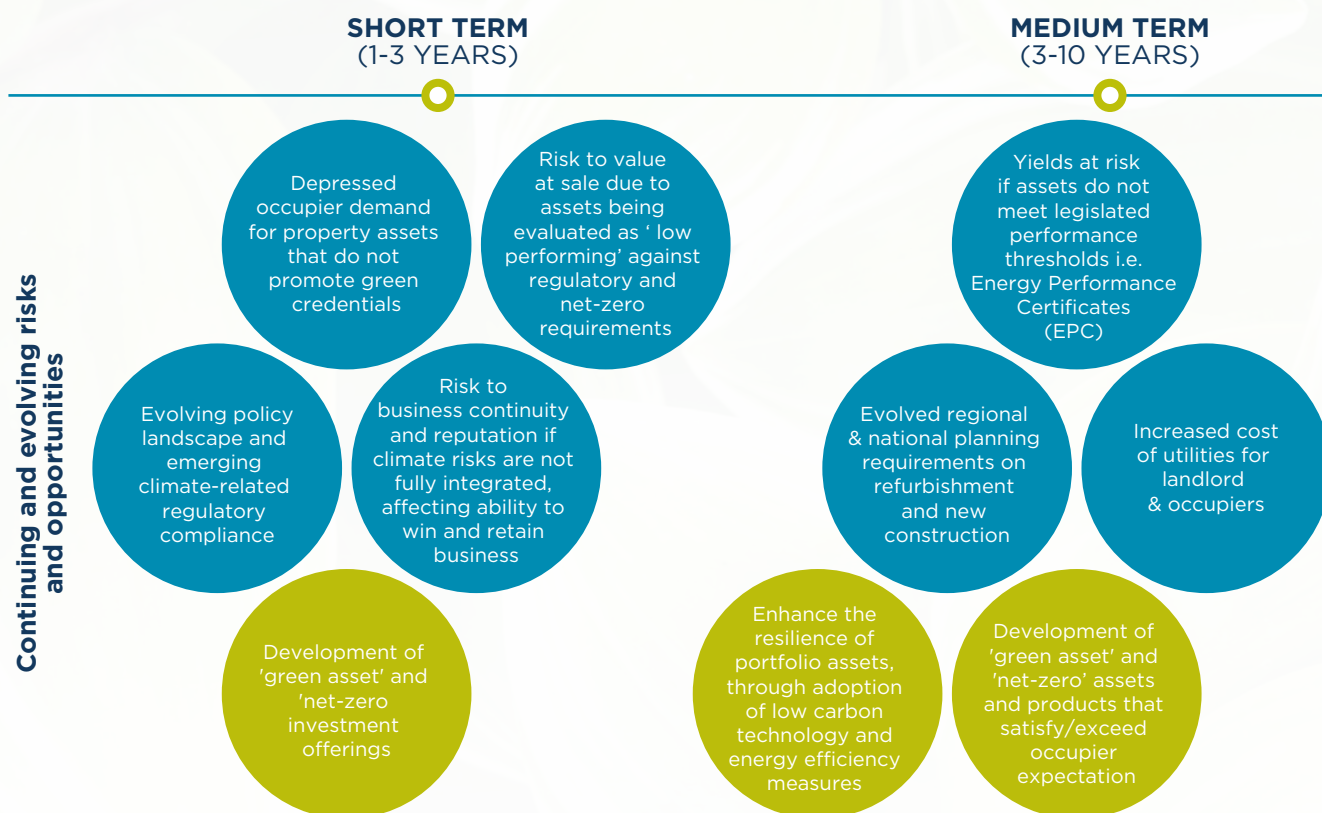
ENSURING CLIMATE RESILIENCE



Whilst our approach to RI involves taking into account a broad range of ESG issues, at the forefront is how we respond to transitional and physical climate related impacts as countries, governments and corporates transition to a low carbon economy. It is these risks that can most materially impact business operations and asset value.

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 align identification and governance of climate related risks and opportunities with best practice.

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



To see DTZ Investors' first public response to the TCFD recommendations, please follow the link at the bottom of this page.

The diagram below shows the key identified risks and opportunities that our UK business and portfolios face over the next 30 years.

Following identification of these risks as a business we will undertake all relevant financial planning and ensure that risk mitigation plans are in place during the operation of the assets.

LONG TERM (>10 YEARS)

Rising temperatures affecting building capacity to operate from heat stress

Rising sea levels and surface water flooding affecting portfolio assets

Depressed demand for assets that do not meet Net-Zero Carbon credentials



Climate-related risk



Climate-related opportunity



CASE STUDY:

WORLD CLASS INNOVATION MAIN POINT, PANKRAC, PRAGUE

- Acquisition of a modern office building at the cutting edge of environmental standards
- Triple A-class quality rating and LEED Platinum certification on construction
- First building of its kind capable of absorbing smog and reducing air emissions thanks to sustainable technologies incorporated in the building's façade
- Unique design of five rounded triangular columns and high floor-to-ceiling heights of 3.3m allow for much better daylight distribution than a traditional office.



LINKS

[TCFD Response](#)

06

STAKEHOLDER ENGAGEMENT



OCCUPIERS

We believe that landlord and tenant collaboration and alignment of objectives are crucial to reaching a low carbon / net zero economy and to driving social value. To help us achieve this, we have put in place:

- Green lease activation and guidance;
- Occupier Handbooks;
- Fit-Out Sustainability Requirements;
- Tenant Satisfaction Surveys, and;
- Data sharing processes.

As part of our RI process, we also closely monitor and research occupier trends and behaviours that include RI requirements to ensure protection of asset value and liquidity and retention and attraction of tenants.



CASE STUDY:

ENHANCING RESIDENT WELLBEING AND SUPPORTING THE COMMUNITY BTR, BLOSSOM STREET, MANCHESTER

The following are key initiatives aimed at enhancing resident wellbeing and the local community:

OCCUPIER WELLBEING

- Free access to a third-party gym for all residents
- Events programmes on physical and mental wellbeing
- Organic formation of community clubs i.e. book club, cinema club and gardening club
- An events programme is planned covering physical and mental wellbeing awareness raising.

COMMUNITY

- Weekly food bank established to collect food from residents to donate to a local homeless charity
- All commercial space in the building has been leased to Manchester based start-up businesses, with significant landlord fit out contributions to assist with the launch of two new businesses that would not otherwise have been viable.



CLIENTS

Our clients are made up of corporate entities and local authorities which both have deep RI ambitions for their own activities and investment portfolios. DTZ Investors' approach is to ensure transparency, disclosure and confidence that action is being taken as part of our fiduciary duty to generate returns in a responsible manner across both direct and indirect investments.



INDUSTRY

Engagement with industry bodies, and peers is critical to DTZ Investors as it ensures that our RI approach remains current and in line with industry expectation. In addition it ensures that we meaningfully contribute to key industry topics and ESG themes and that we provide feedback on new and upcoming standards and legislation.

We have continued to support industry bodies, for example joining the Institutional Investors Group on Climate Change post year end.



SUPPLY CHAIN

Our supply chain, including those appointed through our third-party property management activities, has a direct impact on the environmental and social performance of our assets under management. This includes representing a significant proportion of DTZ Investors' scope 3 Green House Gas (GHG) emissions. In order to drive our RI agenda and achieve clear sustainability outcomes through our supply chain, we have put the following in place:

- Evolved refurbishment and new construction framework defining minimum requirements for deployment in all projects
- Annual supply chain vetting procedures that cover key RI issues from (not exhaustive) sustainability, D&I, working conditions, subcontractor requirements, and policy & procedures
- RI requirements are embedded through our Property Management Agreement (PMA).





COMMUNITY

Creating social 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, our approach to social value is not to unnecessarily burden commercial teams or suppliers, but rather to collaborate and empower to introduce additive areas of positive impact that complement the service or products provided. We recognise that individual assets may not lend themselves to generating social value in comparison with place making or public realm assets, however, efforts can be made across all assets even if they are single let, where the collective influence of our supply chain and interaction with occupiers, local communities and local authorities can be utilised.

Individual assets may not lend themselves to generating social value in comparison with place making or public realm assets, however, efforts can be made across all assets where the collective influence of our supply chain and interaction with occupiers, local communities and local authorities can be utilised.



CASE STUDY:

EMPOWERING THE COMMUNITY

DUKES LANE, RETAIL PARADE, BRIGHTON

Our placemaking strategy breathed new life into a tired shopping street. Colourful murals and an iconic arch created a sense of identity, whilst live music events, 'pop up' shops being made available to support local SMEs, artists and ethical brands, charity fundraisers and hosting Pride street parties reinstated a community feel. **An extensive marketing campaign was run to spread the word**, which included a website refresh, a social media campaign and a street magazine.





CASE STUDY:

ENGAGING LOCAL PARTNERS

LAKESIDE VILLAGE RETAIL PARK, DONCASTER

Green pledges have been made, including **quarterly litter picks**, which are open to volunteers from local businesses and the general public.

Community partnerships have been established with Doncaster Communication Specialist School, Donmentia and Guide Dogs for the Blind. **Over £34,650 has been raised** since 2010, thanks to the generosity of the centre's visitors.

Chemical free eco caps were fitted in the men's urinals to save water, reducing weekly flushes from 252 to 27 per week, **saving on average 55,000 litres of water per month.**



We strongly believe in creating social value for the communities around the assets we manage. We want our assets to have a positive impact beyond their four walls.

07

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 RPI.

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 an 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.

'A' 'A' Rating in 2020



Principles for
Responsible Investment



Task force on
climate-related
financial disclosures

6 Funds



Global Real Estate
Sustainability Benchmark



OUR ENVIRONMENTAL PERFORMANCE TO DATE

2020 PERFORMANCE HIGHLIGHTS FOR OUR PORTFOLIOS UNDER MANAGEMENT



Reduced like-for-like GHG emissions intensity from 2016 by **70%**.



Reduced like-for-like energy consumption from 2016 by **21%**.



Waste diversion from landfill across all Landlord managed waste contracts maintained at **99%**.



100% of landlord-controlled electricity procured from REGO backed renewable energy supplies.



ESG Implementation Plans set up for all multi-let assets.

PERFORMANCE AGAINST OUR PREVIOUS RI TARGETS TO 2020

In 2016, DTZ Investors published a set of environmental targets as part of its RI policy. Many of those targets are now nearing their end of term, having either been reached, or needing revision to align to our Net Carbon Zero commitment. The following provides an update against some of the key targets set and our performance to date from 2016.

The location-based carbon emission intensity (scope 1 and 2) for the landlord-controlled portfolio has reduced by 70% against the 2016 baseline. In terms of absolute carbon emissions, the portfolio has seen a 39% reduction. The reduction in carbon emission intensities has been a combination of the following:

- Energy reduction across the portfolio due to reduced operating hours as a result of lockdown from COVID-19
- Sale of high energy intensity assets in 2017 & 2018
- The continued decarbonisation of UK's grid
- Implementation of energy efficiency improvements across the portfolio.

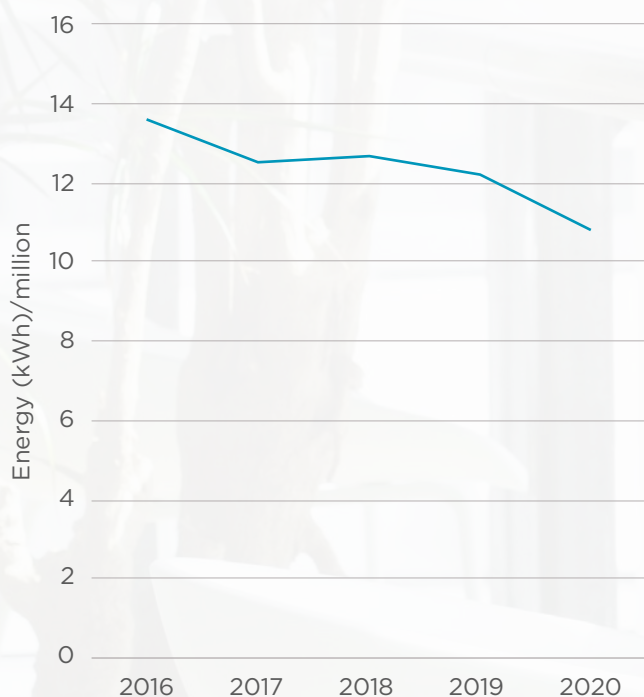
Target: Reduce electricity & gas usage of the directly managed standing portfolio by 10% by 2021 from a 2016 baseline.

The electricity and gas usage for the landlord controlled standing portfolio (life-for-like) has **decreased by 21% against the 2016 baseline. In 2019, we had already achieved a 12% reduction, exceeding the target of reducing energy by 10% ahead of 2021.**

The reason for the observed decrease in energy usage between 2020 & 2019 is:

- **Energy reduction across the portfolio** due to reduced operating hours as a result of lockdown from COVID-19
- **Energy Efficiency improvement measures** including, LED lighting, boiler, HVAC upgrades across the portfolio.

PORTFOLIO ENERGY USAGE



CASE STUDY:

ENVIRONMENTAL BEST PRACTICE AWARD PRINTWORKS LEISURE SCHEME, MANCHESTER

- **29% energy usage reduction yoy** since 2017 through LED lighting upgrade saving £70,000 per annum
- We implemented a waste management strategy which now sees **65% of all waste recycled and 0% of waste to landfill**
- We have established links with local charities and the scheme has raised **£153,000** since 2017 through fundraising events
- Rooftop gardens and beehives were created for the benefit of the local community
- **International Green Apple award** for environmental best practice.





CASE STUDY:

LEVERAGING TECHNOLOGY TO IMPROVE ENVIRONMENTAL PERFORMANCE

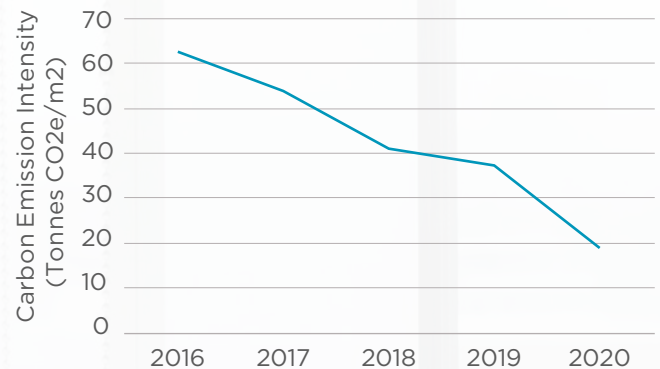
BTR, BLOSSOM STREET, MANCHESTER

During construction we installed an intelligent home management system designed to reduce energy usage in the building. Each apartment contains over 50 sensors which monitor the resident's energy usage and self-learns how the tenant lives in the apartment. The sensors collect data and use artificial intelligence to perform automated temperature and lighting adjustments. As an example, the system will teach itself to 'knock-off' the heating and lighting in time for the resident leaving the apartment each morning, to avoid wasting energy. The system targets a 20% reduction in energy usage.

We designed a proprietary app to encourage our residents to use sustainable energy sources. The app automatically signs residents up for utility contracts with renewable energy providers. Whilst the residents do have the right to 'opt-out' of the renewable energy providers tariffs, the system makes it a conscious decision to move onto a non-renewable energy source.

Target: Reduce landlord-controlled carbon emission intensity (by floor area) of the directly managed portfolio by 40% by 2030 from a 2016 baseline.

CARBON EMISSION INTENSITY



CASE STUDY:

ASSET IMPROVEMENT OLD BRIGHTON ROAD, CRAWLEY

Intervention at key stages of the property lifecycle is key to reducing energy consumption and complying with evolving legislation. An end of lease refurbishment provided the opportunity to install energy efficient measures, including double glazing, LED lighting, VRF heating and cooling and occupier amenity to encourage cycling to work were installed in these 1980s industrial units.



EPC rating improved from **D to B**

08

LOOKING FORWARD

OUR TARGETS TO 2040

We have re-set our targets for 2021 and beyond to reflect our commitment to Net Zero Carbon and embedding climate resilience, and our ambition to generate social value through our decision making.

The following shows the key targets we have set as a business for the portfolios under our management.

Our RI policy reflects the full list of targets.

We review progress against targets on a quarterly & annual basis with focus on continual improvement against clear sustainability and social value related outcomes.



LINKS

RI Policy



ALIGNMENT TO PILLAR

TARGET

Environmental*



- 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
- 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
- Asset Improvement Plans (AIP) held on every multi-let asset
- Target BREEAM certification for all new construction and major refurbishments including undertaking life cycle analysis (LCA) assessments to inform more sustainable design options
- Zero landlord-related breaches in environmental legislation
- Collect and track tenant related carbon, energy, water and waste impacts. 75% collection rate by 2030, and 90% by 2035. (remaining 10% based on low energy consuming tenancies and estimation)
- Zero Waste to Landfill & recycling rate of 75% by 2025
- Reduction in water usage by 10% from a 2019 baseline by 2025.

Social Impact



- 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.



OUR TARGETS ARE FOCUSED ON SUPPORTING US TO MEET OUR SDG COMMITMENTS

* Does not include all interim Net Zero Carbon targets

APPENDIX



ENVIRONMENTAL PERFORMANCE DISCLOSURES

The ESG performance disclosures in the following table has been prepared in alignment with (InRev) guidelines for ESG disclosures.

The following table provides the absolute and like-for-like aggregated environmental performance data of all UK directly managed real estate where DTZ Investors has operational control on behalf of its clients.

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 CO2e)	Absolute	9,854	9,823	8,590	6,829	6,006
GHG Emissions (Tonnes CO2e)	Standing Portfolio (like-for-like)	4,309	3,607	3,087	2,760	2,306
GHG Emission Intensity (tonnes CO2e / m2 / year)	Absolute	62	54	41	37	19
Water Consumption (m3)	Absolute	N/A	85,619	140,831	210,753	329,592
Water Consumption (m3)	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.

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